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West Europe Report

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WEST EUROPE REPORT

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POLITICAL CYPRUS

BRIEFS

CULTURAL AGREEMENT WITH PRC--Kipros Psillidhis, director of the PRESS AND INFORMATION OFFICE, has gone to the People's Republic of China at the invitation of XINHUA to sign an agreement for cooperation between the PRESS AND INFORMATION OFFICE and XINHUA. The 3-year agreement will be signed within the framework of the program for cultural cooperation between Cyprus and PRC for the years 1986-1987. [Text] [Nicosia Domestic Service in Greek 1630 GMT 18 Aug 86 NC] /12913

CSO: 3521/223

POLITICAL

FRANCE

CARREFOUR SCANDAL TARNISHES SOCIALIST PARTY

Paris LIBERATION in French 30 Jul 86 p 5

[Article by Nicolas Beau: "Nucci Trapped, PS Tarnished, by Carrefour Scandal"; first paragraph is LIBERATION introduction]

[Text] Financing the election campaign with public funds and false invoices: following the revelations of Yves Chalier, the revelations of the printer Daniel Ronjat have overwhelmed former cabinet minister Christian Nucci. Nucci is caught up in the scandal, and the Socialist Party is having difficulty remaining aloof.

The most recent revelations in the Carrefour Development scandal have dealt a crushing blow to former Minister of Cooperation Christian Nucci. Nucci, in effect, used public funds to finance his election campaign in Isere Department. The former minister's printer, Daniel Ronjat--who has, moreover, been charged with embezzlement, breach of trust, and forgery--did in fact disclose to LYON-MATIN that he had received approximately 100,000 francs from the association known as French Promotion, which is financed by subsidies from Carrefour Development and was founded by Christian Nucci's former chief administrative aide, Yves Chalier, currently a fugitive.

The former socialist minister had always sworn by all that is holy that he had not received a cent from Carrefour Development, and technically that was true. His line of defense appears today to be not only weak but pathetic: "When we were looking for funds for my election campaign," he told AFP, "French Promotion asked me if it could participate. Inasmuch as French Promotion is a private association funded by private sources, I agreed."

It was not until June--and because of the revelations of the investigation--that the former minister apparently "learned" that French Promotion was financed by public funds, whereupon he asked his printer last 21 June to reimburse the association.

Will the dishonor of Christian Nucci rub off on the Socialist Party? That is what the PS may well fear--so much so that Gilbert Bonnemaison, treasurer of the socialist group in the National Assembly, deemed it essential to explain his position yesterday afternoon at a press conference that preceded a private lunch with Jean-Louis Bianco, general secretary of the Elysee. The Socialist

Party, in effect, is indirectly involved because in late June--at the request of the former minister--it reimbursed the printer of Beaurepaire, Isere Department. Bonnemaison confirmed that he had paid 99,060.65 francs to Ronjat, the printer of Beaurepaire commune, of which the former minister is mayor.

The treasurer argued on Tuesday that he had acted in good faith, alleging that Nucci had told him only of the "end-of-campaign problems" he was having in paying his printer. He had advised Bonnemaison and Pierre Joxe directly, and they apparently took him at his word. "I lent this sum to Christian Nucci out of the funds in the group's treasury," Bonnemaison declared, "just as I have had occasion to do, in exceptional cases, for deputies who were faced with cruel and unforeseen family problems or other problems; and he is pledged to repay me in accordance with a precise schedule of payments."

Following the Tuesday meeting, Jean Anciant--spokesman for the Assembly group--again took up the official line. "No deputy of the group has asked to intervene in this matter, which does not call for any particular attention," he said. "Clearly," a socialist deputy confides, "everyone was astounded to learn that the group grants this kind of loan, and the reaction will not be long in coming."

The fact remains that in late June--given the progress made in the Carrefour Development case--the curiosity of the PS leaders may well have been whetted, all the more so because since last May suspicion has been voiced openly at the Elysee that Christian Nucci had financed his campaign with public funds.

The statements made by Ronjat yesterday morning at Lyon--and reprinted by AFP--implicate Christian Nucci on a second point. The former minister of cooperation allegedly asked his printer to make out false invoices to OFRES, a company with PS connections that publishes municipal bulletins. This company--which has been in the process of liquidation since 29 April--was one of the two "official" paymasters of his election campaign (the other is French Promotion).

"The total of these invoices--some 320,000 francs--represents work that was actually done," Daniel Ronjat said, "but the wording is not accurate. I made various posters, tracts, and documents in large quantities for Mr. Nucci's campaign. When it came time to make out my invoices, I was asked to follow a different procedure in the case of work that had not been done."

That is what happened in connection with the preparation of 20,000 copies of the BULLETIN DE VIENNE; 47,000 copies of the COURRIER DU RHONE-ALPES; 10,000 Bourgoin guidebooks; and 12,000 Romans municipal guidebooks--the precise number of publications that were in reality printed in an Avignon printing establishment, the PSP, located in the industrial zone of Courtine, and also the precise number of false invoices that led to the indictment of the printer last Wednesday. "To destroy an electrical installation," Ronjat added, "you begin by blowing the fuses. I'm a very small fuse." Louis Mermaz, former president of the National Assembly, who was implicated by Yves Chalier in his interview in FIGARO-MAGAZINE, confirmed that the BULLETIN DE VIENNE and the COURRIER RHONE-ALPES are regularly printed at the PSP.

An entirely different version, however, is offered by Christian Nucci, who explained that his parliamentary attache had been in contact with the printer to have him make up a number of posters but not to settle accounts. For this he has a bizarre explanation: "OFRES and the printer subsequently attempted to reach an agreement on a formula for settlement, and I was not informed." For a man who was paying his election campaign photographer out of his own pocket, he certainly does not display much curiosity. One question remains in connection with this version of the story: Who paid OFRES to finance Nucci's campaign?

Whether true or false, the invoices made out by Christian Nucci's printer--both to French Promotion and to OFRES--in any case total approximately 400,000 francs. It is the very same figure that Yves Chalier had given--in June, in his letter to Michel Aurillac--to indicate the total misappropriated from Carrefour Development to pay for election posters. The investigators eventually recovered checks--endorsed by Christian Nucci--totaling approximately 400,000 francs. Everything appears to indicate that a sum of that order was indeed diverted to electoral purposes: a modest sum, moreover, by comparison with the 20 million francs that had disappeared.

Christian Nucci claims to be in possession of new documents that reveal "important movements of funds." These documents--the former minister alleges--contain a dozen false signatures. It is a poor defense from the standpoint of the question of the day--his election campaign; and the local residents know with what care the former minister has managed that campaign. Yves Chalier, by his own admission, never concerned himself with election posters. The entire responsibility for these infractions relating to the 1986 election campaign would seem to revert to Nucci--and to him alone.

Hernu and Fabius Ready To Go Into Battle

During the meeting of the socialist group in the Assembly yesterday, Charles Hernu and Laurent Fabius both expressed the hope that the PS will readopt, "beginning with the reopening of Parliament, a general posture of combat" in response to the attacks that have implicated the PS in "scandals" such as the Carrefour Development affair. Christian Nucci, for his part, did his best to deal with the insistent questions of Claude Serillon at 2000 hours on A2. "I am relaxed, I am calm, and I am able" (to respond to the attacks), the former minister declared. He proclaimed himself ready to respond to any and all questions from an examining magistrate.

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CSO: 3519/231

TRENDS, PREDICTIONS FOR MUNICIPAL ELECTIONS

Parties' Relative Strength Compared

Athens TO VIMA in Greek 10 Aug 86 pp 2-3

[Article by I. K. Pretenderis]

[Excerpt] A comparison of the results of the 1981 and 1985 parliamentary elections can give us specific indications about the parties' possibilities in the municipal elections next October.

New Democracy's margins in this type of election are rather restricted. Given that it does not have "votes in reserve" for the second round (something which is not valid for PASOK and the Left), ND's ambitions--aside from generally upsetting the wider correlation of political forces--are meager.

In the 1981 parliamentary elections, it took more than 50 percent of the votes in only 49 (out of approximately 300) municipalities in Greece. In another 34, its share fluctuated between 45 to 50 percent, which allows it (theoretically, at least) certain hopes about the mayoralty.

In the same elections, PASOK took more than 50 percent in 56 municipalities; therefore, here it does not differ essentially from ND. In another 85 municipalities, however, its share fluctuated between 45 to 50 percent. In 250 of Greece's municipalities, PASOK together with the Left had the majority.

Beyond the significance of the electoral result, municipal elections develop, as a rule, into a "battle of impressions." And the impressions will be decided mainly by the country's largest municipalities. For this purpose, we have chosen the ten largest city municipalities in Greece (Chart 1) and the ten largest municipalities in the second electoral district of Athens and Piraeus (Chart 2).

In these 20 municipalities PASOK saw its percentage decrease from 1981 to 1985. In four cases (Volos, Kavala, Nikaia, Nea Ionia) this decrease is very small, less than a point.

In nine cases, however, (Athens, Patra, Piraeus, Ioannina, Aigaleo, Zografou, Ilioupoli, Nea Smyrni and Peristeri) PASOK lost more than four percentage points; in other words, it had higher losses than that on a national level.

In the 20 large municipalities, the drop in the KKE's electoral strength between 1981 and 1985 is often impressive (maintaining the analogies, of course). It managed to increase its strength in only one case (Ioannina). In all the other cases, the decrease in its electoral strength is greater by far than the corresponding decrease in its national percentage. In nine municipalities, it surpasses three percentage points.

A result of this combination of ND rise/KKE fall is that, in the municipalities in the second electoral district of Athens and Piraeus, ND is now firmly and clearly the second party despite the fact that its percentages still fluctuate at relatively low levels. In 1981, the KKE was the second party in five of the area's municipalities (Keratsini, Nikaia, Aigaleo, Nea Ionia, Peristeri). ND succeeded in covering the difference, even in municipalities where this difference was especially large (nine points in Nikaia, five points in Nea Ionia), something which may harbor problems for the presence of KKE candidates in the second round of municipal elections.

From another aspect, it should be pointed out that the drop in the KKE's electoral strength is especially apparent in the municipalities where it traditionally had a strong influence: Nikaia, Nea Ionia, Volos, Keratsini. This tendency is of interest because it indicates that in the October municipal elections, the KKE will be starting out from significantly lower percentages in comparison with 1982, which possibly augurs unpleasant surprises for the People's House.

Of course, it can be argued contrary to this that "the KKE has many good elected mayors and their work will count at the moment of voting." Even if such a thing happens in the future, the sure thing is it did not happen in the past--and, in fact, in last year's parliamentary elections.

Charts 3 and 4 show the municipalities in the second electoral district of Athens and Piraeus with communist and non-communist mayors. It seems clear that in the municipalities with a communist mayor, the decrease in the KKE's electoral result is, as a rule, greater.

If we wish, in fact, to measure this "first impression," we find that:

1. In the municipalities with a non-communist mayor, the KKE loses, on an average, 2.16 percentage points.

2. In the municipalities with a communist mayor, the KKE loses, on an average, 3.33 points--30 percent more.

In addition, the KKE's greatest drop is observed in its traditional "municipal strongholds": 5.83 points in Nikaia, 5.01 points in Nea Ionia, 4.79 points in Tavros, 4.77 points in Kaisariani, 4.53 points in Keratsini, etc.

Contrary to the KKE, in the 20 municipalities in Charts 1 and 2, the KKE Interior's electoral strength is increased. This increase goes from minute up to greater than the half a percentage point it gained between 1981 and 1985 on a national level. Despite the rise, however, it managed to surpass three percent in only nine of the twenty municipalities. Of the nine, only one (Ioannina) is in the provinces.

CHART 1

PARTIES' STRENGTH IN TEN LARGEST MUNCIPALITIES IN GREECE

	PASOK		ND		KKE		KKE(INT)	
	1981	1985	1981	1985	1981	1985	1981	1985
Athens	44,25	39,77	34.42	44.02	12.63	10.58	3.24	4.35
Salonica	46.11	42,65	35.61	44.53	11,29	6.63	2,37	3.04
Patra	53,40	49.30	27,24	34.40	14.48	13.21	1.67	2.13
Irakleion	59.22	57,50	19.89	20.08	13.42	9.99	1.50	2.13
Piraeus	49.36	44.73	31.24	40.59	13.72	10.62	2.11	2.87
Larisa	46.56	43,16	31.19	38.20	17.97	15.37	1,47	2.26
Volos	46,96	46,06	27,91	34.59	19,68	16,11	1,97	2.14
Ioannina	43.66	39.46	36.22	40.83	13.81	15.61	2,10	3.05
Kavala	50,92	50,24	31,28	36.71	13.20	9.94	1.95	1.98
Serres	45,73	43,53	36,82	44,67	11,15	8,57	1,53	1.83

CHART 2

PARTIES' STRENGTH IN TEN LARGEST MUNCIPALITIES IN SECOND DISTRICT OF ATHENS AND PIRAEUS

	PASOK		ND		KKE		KKE(INT)	
	1981	1985	1981	1985	1981	1985	1981	1985
Keratsini	53.68	51.65	20,68	28.12	20.73	16.20	2.21	2.74
Nikaia	46,34	48.30	19.19	25.44	26.14	22.51	2,35	2.88
Aigaleo	52.70	48,48	21,15	28.65	21,37	18,96	2.19	2.88
Vyronas	47.78	45.20	25.96	33,73	19.37	16.14	3,08	4,00
Zografou	47.63	42,88	29.56	38.76	15.03	13.19	3.08	4.08
Ilioupoli	51.42	46,40	23.81	32,66	18,42	16.31	2,68	3.58
Kallithea	46.27	44,98	27,96	36.90	16.06	13,11	2,93	3.79
Nea Ionia	47.91	47.85	20,65	26.06	25,72	21,71	2.87	3.86
Nea Smyrni	46.13	42.41	30,51	39.31	13.68	11,47	4.60	5.53
Peristeri	50,88	46,92	21,34	28.44	22,72	20,55	2.29	2.98

Conversely, ND is on a rise everywhere. The smallest increase in its percentage is seen in Ioannina, but its gains are usually impressive: in 14 cases, from 7 to 10 percentage points.

However, even though ND appears to have an upward dynamics on its side, in most cases its electoral result remains relatively weak. In 15 of the 20 municipalities, it received less than 40 percent, while in 10 it took under 35 percent. It is the leading party in only three municipalities (Athens, Salonica, Serres).

These cases are the only ones among the 20 largest municipalities in Greece where ND can hope it is possible to elect a mayor. Next in line are Piraeus and Ioannina where Andrianopoulos and Georgiadis, if they want to be elected, will have to improve ND's 1985 electoral result by 10 percentage points.

CHART 3

KKE ELECTORAL STRENGTH (Municipalities in Athens and Piraeus Second Districts with a Non-KKE Mayor)

	B81	B85	Difference
Agia Paraskevi	13,08	10,51	-2,57
Agios Demetrios	16,98	14,76	-2,12
Aigaleo	21,37	18,98	-2,37
Alimos	12,44	10,50	-1,94
Amarousion	11,80	10,22	-1,58
Argyroupolis	16,97	14,81	-2,16
Galatsi	18,36	16,71	-1,65
Dafni	16,25	13,57	-2,68
Zografou	15,03	13,19	-1,84
N. Irakleion	17,95	16,28	-1,67
Moskhato	13,14	10,58	-2,56
N. Smyrni	13,68	11,47	-2,21
P. Faliro	9,52	7,69	-1,83
Peristeri	22,72	20,55	-2,17
Ymittos	18,96	15,27	-3,69
Khalandri	13,23	11,26	-1,97
Kholargos	15,79	11,92	-3,87
N. Liosia	17,40	15,79	-1,61
Khaidari	17,91	18,12	+0,21
Rendis	15,76	12,91	-2,85
Drapetsona	23,31	19,57	-3,74
Perama	15,08	13,82	-1,26
Salamina	4,76	3,28	-1,48

CHART 4

KKE ELECTORAL STRENGTH (Municipalities in Athens and Piraeus Second Districts with a KKE Mayor)

	B81	B85	Difference
Agia Varvara	22,34	19,36	-2,98
Vyronas	19,37	16,14	-3,23
Ilioupoli	18,42	16,31	-2.11
Kaisariani	29,62	24,85	-4.77
Kallithea	16,06	13,11	-2,95
Kamatero	19,29	19,31	+0,02
Nea Ionia	25,72	21,71	-4,01
Nea Filadelfeia	20,51	17,89	-2,62
Petroupoli	23,62	21,06	-2,56
Tavros	25,84	21,05	-4,79
Elliniko	23,59	21,28	-2,31
Keratsini	20,73	16,20	-4,53
Korydallos	19,12	16,16	-2,96
Nikaia	28,14	22,31	-5,83

CHART 5

KKE (Municipalities in Which It Took Over 20 Percent in 1985 Parliamentary Elections)

	885	881
ATTIKI		
Kaisariani	24,85	29,62
Nikaia	22,31	26,14
Nea Ionia	21,71	25,72
Elliniko	21,28	[illegible]
Melissia	21,10	20,31
Petroupoli	[illegible]	[illegible]
Tavros	21,05	25,84
Peristeri	[illegible]	[illegible]
REST OF GREECE		
Eressos, Lesvos	[illegible]	[illegible]
Agiasos Lesvos	39,00	40,92
Agios Kirykos	[illegible]	33,58
Skopelos	28,42	28,10
Tyrnavos	27,45	31,62
Polykhnitos	24,68	32,10
N. Ionia, Volos	23,05	25,22
Arkhanes Ir.	22,68	22,57
Mithymna	21,58	20,02
Polikhni	20,43	21,37
Mytilini	20,38	25,73

CHART 6

KKE(INT) (Municipalities in Which It Took Over 4 Percent in 1985 Parliamentary Elections)

	885	881
ATTIKI		
Filothei	6,12	4,39
Nea Smyrni	5,58	4,60
Pal. Psykhiko	5,36	4,15
Papagou	5,30	3,52
Kaisariani	5,22	6,00
Kholargos	5,19	3,88
Athens	4,35	3,24
Khalandri	4,21	3,07
N. Psykhiko	4,20	2,58
Zografou	4,08	3,08
P. Faliro	4,02	3,05
Vyronas	4,00	3,08
REST OF GREECE		
Agios Kirykos	5,77	5,94
Pyli, Trikala	5,65	3,60
Levkada	4,97	3,60
Methymna, Lesvos	4,87	1,86
Igoumenitsa	4,57	3,02
Methana	4,18	2,33

Where is the KKE Interior's electoral strength, however? Chart 6 contains the 18 Greek municipalities where in last year's elections the KKE managed to collect a share greater than four percent.

Ten of these are in the area of the capital; only six are in the provinces. As concerns the former, the KKE(Int) appears particularly strong in large and medium-sized urban areas (Filothei, Palaio Psykhiko, Kholargos, Khalandri, Neo Psykhiko, Papagou, Palaio Faliro, Nea Smyrni, Zografou) and in Athens itself. Only two people's areas (Kaisariani, Vyronas) are included in its "spearhead municipalities." As concerns the municipalities in the provinces, four are in traditionally leftist areas: Lesvos, Levkada, Ikaria, Thessalia.

All these denote a clear differentiation of the KKE Interior's electoral body from that of the KKE. In Chart 5 we present the 19 municipalities where the KKE took more than 20 percent of the votes in 1985.

Here the "regional proportions" are reversed: Eight are in the area of the capital and eleven are in the provinces (five are in Lesvos!). Included in the former are the traditional people's areas of the capital: Kaisariani, Nikaia, Nea Ionia, Peristeri, Tavros.... As concerns the latter, the overwhelming majority of municipalities are also in the traditional "red areas": Lesvos, Thessalia, Ikaria....

What is also characteristic is that, if one compares the KKE's "spearhead municipalities" with those of the KKE(Int), he finds only three common points: Kaisariani, Agios Kirykos and Mithymna, Lesvos.

No Polarization Tactics

Athens I KATHIMERINI in Greek 24-25 Aug 86 p 1

[Text] According to journalistic information, Kastri is getting its bearings and accepting a suggestion of Minister of Interior Koutsogiorgas and Athens Mayor D. Beis to apply in the municipal elections a tactic of "departisanism," keeping away from the polarization and division it has cultivated so successfully and productively in all the elections. These decisions do not appear to be definite, however, and a return to the old and familiar tactic is not excluded if conditions allow it, or if the PASOK leadership is persuaded about the party benefits it will eventually gain.

Three reasons above all contributed to shaping the new tactic:

First, the negative effect made on public opinion by the efforts to create an anti-right climate, as happened with the attack against the former president of the republic, K. Karamanlis. The information reaching Kastri was absolutely discouraging. Not only did the leftists not accept the arguments, but also the PASOK cadres were not willing to begin a campaign in the coffeehouses and neighborhoods to cultivate a polarizing climate. This information was what prompted the prime minister to publicly disapprove the uproar.

Second, the failure of the strike proclaimed by the GSEE [Greek General Confederation of Labor] last Wednesday, 20 August. Government factors were discouraged because they found out that the governing faction's influence on the workers is being reduced constantly.

In Kastri they waited for the strike to note some success so they could thus spread out the devises to undermine the mobilizations.

Their failure convinced them that the road they had chosen is now closed definitely, so they must find other ways to deal with the workers' mobilizations. The first strikes are expected next month and many in the government are afraid that the strike-breaking mechanisms will not pay off.

Third, the disclosures of scandals are assuming the form of an epidemic, with unforeseen political extensions. In Kastri, they are worrying more because many ministers and other officials in the governing faction are now clearly concerned and are distancing themselves from their colleagues who are reportedly mixed up in the scandals. The stance of these ministers makes dealing with the problem more difficult because the government appears to not have a unified line on this problem which is so critical. This is also affirmed, moreover, by the stance of several pro-government newspapers which are almost systematically keeping up the issue of the scandals, throwing oil on the fire every so often.

These three reasons, along with the aggravated economic crisis, contributed to the scales tipping in favor of the departisanism of the municipal elections. Furthermore, from the beginning, Koutsogiorgas had connected polarization with the requirement of being accompanied by a tactic of favors and partiality. Since this is not allowed by the course of the economy, the only road was departisanism.

The supporters of polarization, who happen to be those having access to Kastri, do not appear to have abandoned their opinion. They have accepted not pushing polarization for now, with the hope that later conditions will be more favorable.

9247
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VVD'S NEW PARLIAMENTARY LEADER VOORHOEVE PROFILED

Amsterdam DE TIJD in Dutch 1 Aug 86 pp 8-13

[Article by Tom-Jan Meeus: "Joris Voorhoeve--A Gentleman on a Bicycle Who Has Never Failed Yet"; ellipses as in original; first paragraph is DE TIJD introduction]

[Text] At first people in the VVD Parliamentary faction viewed him as "a scholar who's made the wrong choice." Since then, this man, who is "different," seems to have gotten a reasonable--but still not perfect--mastery of political ways. Who is Prof Dr Eng J. J. C. Voorhoeve? What does he want? A visit to acquaintances and (ex) colleagues. His early embrace of D'66, his American training, and his "perfect career model." The portrait of a very ambitious professor in politics.

He is described as somebody who goes around mainly with types who are very much on the right. Prosper Ego of the Veterans' Legion is said to be one of these. "Sure, I know him," Ego says. "He's spoken to us from time to time. He's an extremely capable man. A prize for the VVD."

Does that confirm the picture? Maybe. But the picture is not right.

Fred van der Spek, former MP from the Pacifist-Socialist Party: "Yes, I've been invited to his house a few times. Along with my wife. To look at some slides he had taken when we went to China and Japan with a parliamentary delegation. He didn't have to invite me. I certainly wouldn't have been surprised if he hadn't. But it was very sociable, with a little dinner party. Van Eekelen, the new minister of defense, was there too, and the Chinese ambassador. I found it easy to talk to him personally too, you know. It was very enjoyable."

Prof J. (Joris) J. (Jacob) C. (Clemens) Voorhoeve (40) is not always easy to figure out. He has predictable sides, but also unexpected ones.

He rather has the air of a political fair-haired child, of somebody who knows more about the study of international relations than about--horrible term--"the people and the country," who has been able to produce "brilliant" scholarly work, but who seems to have had a rough time of it at first in the nest of vipers that is the Second Chamber.

For a short time now Joris Voorhoeve has been the leader of the VVD faction there. Who is he?

Some colleagues in the faction now say very positively: "Tactically, it was an outstanding choice." Nonetheless, the situation in which Voorhoeve was elected faction chairman a few weeks ago was one of disorder and panic. Almost everybody who was anybody in the VVD felt entitled to get involved in the struggle--fought out in the newspapers--over who was to get which job after the cabinet formation. Even former leader Hans Wiegel, who had been put up on a pedestal (clearly prematurely), did everything he could to get things his way. There was no end to it. Though it all had little to do with substantive differences, the knives were drawn time after time.

Until the "night of Transport and Public Works" put a (temporary?) end to the chaos in the VVD ranks. Dr Rudolf de Korte was elected the new leader ("commander"). As deputy prime minister, because he felt that was best for the party (and himself). When De Korte had gotten the VVD faction to accept that decision, there was still one question left: who succeeds Nijpels as faction chairman?

That election made for a real thriller at Transport and Public Works. After the first round the votes were tied: the (then outgoing) State Secretary of Finance Henk Koning and Joris Voorhoeve both got nine votes, MP Dr Cand Loek .ermans got three fewer. After Hermans then declared he was "not a candidate," Voorhoeve came out ahead: he was elected to be the new faction chairman with 15 votes to 10.

The decision was made, and things gradually became quieter in the VVD camp, on the outside. Internal thoughts about the fragile future of the party have far from disappeared, however. The differences within the party--which are principally of a personal nature--have by no means disappeared either. In short, a far from simple task awaits Joris Voorhoeve. Because, apart from settling the conflicts in his own house, he will also have to make himself felt outside the party too. He will have to get involved in Parliamentary debate, a part of political work that he seems to have stayed away from as much as he could so far. One advantage he may have is that opposition leader Wim Kok is even LESS experienced in leading the debate, which cannot be said of his other opponent, Hans van Mierlo. Certainly, even after the debate on the government statement this week, he will continue to hammer away at the VVD's Achilles heel, the defense of the liberal heritage.

So Joris Voorhoeve could have chosen an easier future. But that would not have been his way. And that explains a lot right there.

He took his first steps in politics at the end of the 1960's. He was most interested in D'66. He still had not completed his studies in development economics at the Agricultural University in Wageningen in 1969 when he joined the Democrats. Fellow students of his from the Agricultural University remember Voorhoeve as a somewhat retiring but "extraordinarily clever guy." Not one to party, but a student in the most literal sense of the word.

He showed himself to be a man who gets things done. In D'66 too. He became active in the party's foreign affairs committee and soon was promoted to secretary of the committee. At that time it was chaired by Dr Cand Maarten Engwirda, who was then working for the D'66 faction in the Second Chamber.

Even then it was not Joris Voorhoeve's habit to conceal his opinions. DE DEMOCRAAT, the D'66 house organ, published contributions of his regularly. Whether the subject was the position of the United Nations or the war between Nigeria and Biafra, Voorhoeve made his opinion known. Not that he revealed himself as a revolutionary: radical-progressive ideas did not occur to him back then either. We could put it even stronger: even then the 24-year-old Voorhoeve sometimes had "difficulties" with the position of the D'66 faction in the Second Chamber.

Erik Visser, at that time D'66 foreign affairs specialist in the Second Chamber: "He made a very positive impression on me at that time. He was a bright young man who matured very early. A nice, intelligent young man with high ambitions and a lot of knowledge in his head. He had views of his own, sure. He was an independent thinker."

His fellow students from back in Wageningen also remember that "independent thinking." Some claim that he "showed considerable commitment on the subject of development aid." Others were unable to see that: "Well, no, Joris was already a VVD'er to the core. It's just that he didn't know it himself yet."

After completing his studies in Wageningen in 1971 (as an engineer in the economics of agrarian development; his senior essay was on rice production in Indonesia), foreign parts called him. He chose to study further in the United States.

Many believe that Voorhoeve was in fact molded in the United States--certainly as far as his political ideas go (on which more later). He studied at Johns Hopkins University's School of Advanced International Studies in Washington. In 1972 he received his MA, and in 1974 his PhD in international relations; in 1973 he got a job at the World Bank as an economist. Among other things he worked as a speech writer for Robert McNamara, for instance when the latter had to talk about agricultural problems in the Third World. Looking back, he says in interviews that he worked in a "leftist department" at the World Bank. His "more progressive view of development aid" is said to be due in part to that.

Voorhoeve's American period brought many major changes to his life. He married the American Judith Jaffe, who would turn out to be a propelling force in his career. The couple had two sons; there were already two daughters from an earlier marriage of hers. He also turned to a different political party: his membership in D'66 ceased in 1971 and was succeeded in 1975 by membership in the VVD. In the United States, which he left in 1977, he was thrown together for a time with Kees Lunshof, who is now DE TELEGRAAF's much respected Parliamentary correspondent as well as the chairman of the Parliamentary press. The first and so far the only interview with faction leader Voorhoeve appeared in DE TELEGRAAF and was partly from the pen of Kees Lunshof. There Voorhoeve explains his departure from D'66 as follows: "...in 1971 when the party decided to work only with the PVDA, I left."

Even so, acquaintances from his D'66 period would later help him in various ways.

He wanted to leave the United States. Dr. Gerben Ringnalda, one of those present at the creation of D'66, knew that. He told Dr. Peter Baehr, also somebody from the early days of D'66, who at that moment--this was 1977--was secretary of the Scientific Council for Government Policy (WRR).

"That's when I had a working breakfast for the first and last time in my life," Baehr explains. "I was in Washington and had an appointment with Voorhoeve. That was the working breakfast--an American habit he obviously had taken over. He acted very American for that matter. We talked about the fact that we were looking for somebody for international studies. He was very suited for that, because he was well grounded in various disciplines, and consequently he later got the job."

Voorhoeve soon occupied a special position in the WRR. Until then, research projects had just about always been conducted by members of the WRR rather than by members of the civil service staff. Even though he was a member of the staff, Voorhoeve still won a leading position. Baehr: "He made an impression. His knowledge was very extensive, and he was sure of his stuff." Was he not hindered by serious doubts, some caution? "You'd hardly say that."

His special position also resulted in his having a number of people under him. Some liked that better than others, to put it mildly. Colleagues less interested in order and neatness were often irritated at their boss's very precise attitude. "He was sometimes excessively punctual," one explains. "Actually, in that respect he's rather old fashioned. Everybody had to come on time. He expected it. He let you know it too. Well, there were some here who thought it a bit excessive. A bit too schoolmasterish." Baehr had "no trouble with Joris," he says. "I rather found him a useful counterweight to the possibly too sloppy attitude in some places. Joris is a man who says he'll have a paper ready on Monday, and he does. He also expects others to do the same. If they don't, he lets his irritation show. That's true. He makes demands, and you have to meet them. No doubt the members of the VVD faction will notice that too."

The WRR has always been viewed in The Hague as being somewhat "leftist." Did Voorhoeve fit in well in that atmosphere? Did he feel at home? "Joris never unbends," Baehr says. "He certainly won't tell you what he thinks about everything. Nor is that the way at the WRR. Scholarly findings are the thing here, not personal political beliefs. And as for his scholarly work, everybody had great respect for it. That was not in dispute."

Still, it has been said from time to time of his scholarly work--and sometimes written too--that it is outstanding to be sure, that it organizes the facts clearly and thoroughly, but that it is not really creative. Is that criticism perhaps justified? "It's true that he's not one for really daring speculation. He's not one to take many risks. But his work is good. And you can't always say that of people who are outstandingly creative."

What does Baehr think of Voorhoeve the man? "He truly is a man with good manners. Formal and well groomed. He's not a great joker, but he does have a certain sense of humor." Is he possibly a bit vain? "Yes, he is. He certainly is that." How would Baehr characterize him in brief? "I've always been left with the picture of a gentleman on a bicycle. That's what Joris is. A gentleman on a bicycle."

His time at the WRR was brief. After just 2 years, he left in 1979, after Koos Rietkerk asked him to come provide leadership at the VVD's think tank, the Prof B. M. Telders Foundation. Baehr: "He came up to me one day to say he had been asked to do that, but that he thought he wouldn't go through with it. I have to say I hoped he wouldn't. I didn't want to lose him. I had finally gotten a staffer leading a project, and he was the very one threatening to leave so soon. So his stay with us was too short. A pity."

Baehr assumes that Voorhoeve's decision to go to the Telders Foundation was already driven by the ambition to move ahead in politics. "He told me at the time, 'I'm going to the Telders Foundation; that's primarily a scholarly institute.' But looking back, I think you could already have predicted he'd go into politics. I don't know for sure if he already had the ambition then; it could also be that he acquired the taste as he went along. But on the other hand you have to say this: his move to the Telders Foundation at that time fit perfectly into his career pattern."

He is cautious. That is his style. He feels his way, thinks things over a few times before he acts.

In the second half of the 1970's he took part fairly regularly in a "lunch club" with some foreign affairs experts in The Hague. Organizer was Dr Cand Herman Schaper, later a D'66 MP. The club had people from more than one party, although almost half were members of D'66.

The relationship between Europe and the United States, the latest developments in Poland--those are the kind of things the club discussed in an open-ended way. At some of the meetings Voorhoeve presented chapters of his later book "Peace, Profits and Principles: A Study of Dutch Foreign Policy" (published in 1979). It is typical of his style: he likes to go through things with others first, to discuss them. (All his longer works include an extensive list of names of people to whom "I owe thanks for their comments on the subject," although "of course they are not responsible for the contents," or words to that effect. Frequently recurring names are the H. Schaper mentioned above, NRC-columnist J. L. Heldring, Dr Cand J. G. Siccama of the Clingendael peace questions institute, and Prof Dr H. Posthumus Meyjes.)

"He was like that even as a young man," Erik Visser remembers. "He counts to 10 before he speaks. I believe they've been used to something different in the VVD in recent years." This observation is a frequent one. His predecessor had been secretary of a carnival band and never concealed his liking for [the satirical cartoon] "Suske and Wiske"; up to then Voorhoeve had mainly dealt with people with at least one academic degree, for the purpose of discussing some weighty piece of scholarship.

His "Peace, Profits, and Principles," by the way, is a generally respected work--some even describe it as "brilliant." It describes and analyses Netherlands foreign policy from 1945 to 1977 and is considered the standard work for anybody interested in foreign policy. It is probably his finest scholarly work, even though he must have written it mainly in his free time.

It was viewed as simply a confirmation of his abilities when in 1980 Voorhoeve was called to the Agricultural University in Wageningen as extraordinary professor of international relations. Out of 20 applicants for the position, he was chosen unanimously.

Eng. R. Maris, secretary of the Agricultural University Fund Foundation, which created the professorship: "Of course people asked, 'Can we do that? Put somebody so vulnerable in the position?' Yes, that was connected of course with his political ideas. But afterwards we found he did an outstanding job of it. He was accepted by left and by right."

One neat detail is that when he was a student at the Agricultural University, Voorhoeve was one of those advocating the creation of the professorship that he himself was to fill some 10 years later. "He confided that to me," says an acquaintance.

His scholarly work may be unchallenged, but that is far from true of his political ideas. Political opponents like PVDA MP's Klaas de Vries and Relus ter Beek describe him respectively as a man "with a very strong anti-Soviet attitude" and as one who "would certainly not do badly as Ronald Reagan's speech writer." Nor has it escaped their CDA colleague Ton Frinking that he always "comes up with something hard-line anti-Soviet to say," just like clockwork.

How does he view the world?

He favors close European cooperation with the United States. He believes in NATO, because deterrence is the best way to maintain the balance of power and thus international security. (He prefers the English word "deterrence" to the Dutch "afschrikking" ["frightening off"] because it "means restraining and discouraging.") The balance of power is necessary because /"peace without balance and security is like the evening before a war"/ (my emphasis, T.-J. Meeus).

That strong anti-Soviet attitude appears in many pieces Voorhoeve has published. When in 1980 (at that time he was director of the Telders Foundation) he wrote an article on how schools ought to deal with nuclear weapons problems, he gave a description of his view ("a balanced look") of the United States and the Soviet Union. He did not do that, by the way, until after he had first urged secondary school teachers to teach more postwar history because there is a danger of a generation growing up /"That...is not sufficiently critical of popular 'theories' about how all the problems of the world could be solved if 'the good,' 'the people,' or 'the progressive forces' could just have their way"/ (my emphasis, T.-J.M.).

According to Voorhoeve the United States is a "liberally oriented democracy" forming a "status quo power in a territorial sense," although it is "aims ideologically at containing communism if not forcing it back."

The "Soviet state" is in Voorhoeve's opinion "based on a collectivist, international theology of salvation that views history as a class struggle" with the goal of "liquidating capitalism," because only then will there be "stability in the international system." It is from this that "the Soviet Union's leadership derives" the right "to involve itself very intensively in matters beyond its own boundaries and to seize every opportunity to strengthen its own position."

That is what he thinks; he sees these statements as almost objective truths.

For that matter, Voorhoeve does not just commit his opinions to writing, does not just discuss them with those who agree and those who disagree in the Netherlands and elsewhere in the West. No, he is also prepared to share his opinions personally with the Soviets in Moscow.

"Not for publication" it says in the upper right of the cover of the report "Reconnoitering in Moscow," a report from a visit that a group of Netherlanders paid to Moscow in October 1981. At the time the Netherlands was wrestling for the Nth (and not the last) time with the question of whether it should deploy the cruise missiles, and the second Van Agt cabinet was in the process of being formed. Along with businessman E. H. van Eeghen and Clingendael representatives H. J. Neuman and H. Hendrikse, PVDA MP Klaas de Vries, his CDA colleague Ton Frinking, and Joris Voorhoeve journeyed to Moscow to "get an impression of the positions and arguments in the USSR." The impression they got in this regard was that the Soviets' position had not changed, but even so a couple of interesting things occurred during the trip.

It is particularly interesting to recall the meeting with A. P. Shitikov, chairman of one of the two houses of the Supreme Soviet. "What was up with that Shitikov I do not know, but he began to tell us the queerest things," says one of those present. The report mentions the fact that Shitikov called Joseph Luns a "fascist" and a "nazi" and stuck to those terms even after the Netherlands side objected that investigation had proven differently. Shitikov was not at all impressed by that, according to the report, and came up with another proof of Luns' worthlessness, which he said he had acquired during a visit that former Second Chamber Chairman Anne Vondeling had paid him once. Shitikov told that Vondeling "was at Sakharov's one night," when Sakharov "handed some interesting documents and photos over" to him. The report: "Shitikov asked whether those documents and photos were of importance to the Netherlands Parliament. 'No,' Vondeling replied, 'I'll give the documents to Luns next week, and he'll be willing to pay me for them.'"

Shitikov's story made the Netherlands camp angry and indignant, with Klaas de Vries and Joris Voorhoeve protesting the most, according to one who was there.

realistic understanding of world politics." The Netherlands "is dependent for the realization of its goals on the goodwill and cooperation of larger countries, particularly our largest democratic allies." Not a revolutionary vision, but who would have expected it?

Is Joris Voorhoeve totally predictable? Oh, not at all.

A search through bookstores and libraries produces the book "Geen paniek--Bescherming tegen rampsituaties" [No Panic--Protection Against Disaster Situations]. The back of the jacket says that "this guide to protection against disaster situations arose out of concern. Concern about how few precautions are being taken against the risks humanity runs from modern industry, our society's high-tech networks, /grave international tensions/, and of course also the destruction that nature sometimes causes. Man can protect himself rationally against the consequences of these, just as practical measures are taken by the fire department, the medical and health services, and the Red Cross, as well as by ourselves!" (My emphasis, T.-J.M.). Co-editor of the book is Prof. J. J. C. Voorhoeve.

From interviews at the time of the book's publication in 1985, it appears that he is sincerely concerned about the fact that "the Netherlands is insouciant about civil defense." Speaking to the REFORMATORISCH DAGBLAD, he mentioned Switzerland as a model of what should be done; that country is approaching the ideal of one shelter space per person, he says, which costs 120 guilders a year per inhabitant. He explains: "And yet that's really cheap as the premium for good life insurance."

Given the lack of a good government policy in this matter, he appears to have taken his own measures. At home he has an emergency supply of food to supply the entire family (wife plus five children) for a week, a crate of mineral water for the same purpose, a powder fire extinguisher on each floor, three smoke alarms, a first aid kit, a hand-powered flashlight, a transistor radio with spare batteries, and a list of emergency numbers next to the telephone--this comes from the HAAGSCHE COURANT at the time the book was published. He says that "one person with an emergency plan is worth ten without."

Fellow VVD MP's whom we asked whether they were aware of his "concerns" on this point replied in the negative: "No, but to be honest, I don't know Joris all that well, you know. But he is different, that's for sure." A second colleague tries to explain: "He's consistent in his thinking. Of course that's connected with his background in scholarship. Well, I feel that if you're constantly studying international problems the way he is, and also trying to assess the consequences of them, then you'll very quickly end up doing that kind of thing." A third responds after a short silence: "Wait a minute, I think he brought that up in the party once too. Yes, no, I don't think there was much enthusiasm for it." It appears in any case that he has been thinking about the problem for a long tme: he also raised the question in the WRR in an internal note. The research he proposed was not undertaken, however.

How did the talented professor, the well-groomed and correct gentleman do in among ordinary MP's with their shoving and tugging?

But the strangest was yet to come. After a little thank-you speech had finally been given after all in the name of the Netherlands delegation, another discussion got going, with Shitikov accusing "one member" of the delegation of being "pro-American." "The situation got really tense then," says a witness, "but what Voorhoeve did bordered on the unreal. He simply went ahead--simply went ahead!--and explained how our democracy works, who we've allied ourselves with, and that kind of thing. That Shitikov was furious."

The report: "Shitikov asked whether they had figured out by now who the Netherlander in question was. The Netherlander in question (i.e., Voorhoeve, T.-J.M.) went ahead and finished what he was saying."

"When that happened," a witness recalls, "Shitikov slammed his fist on the table, 'The meeting is over,' but he couldn't get anything more out. I can tell you that I've been in the Kremlin a few times, but I'd never seen anything like that."

Voorhoeve is not the type to violate the confidentiality of such a meeting; he is probably not enough of a politician for that. After the trip was over, when journalists asked him about his experiences, he did have a story about a Moscow experience at hand to confirm his view of the world. The REFORMATORISCH DAGBLAD, a newspaper that often interviewed him by the way, reported a story of his about an army exercise: "...there was an unbelievable quantity of first class materiel. The vehicles drove around at top speed. It was a sinister display. When I saw that, I hoped I would never have to see them in the Binnenhof."

After this it will come as no surprise that this same Voorhoeve, again in 1981, on 5 May, was present at the birth of the Peace Policy Foundation (SVP), a counterweight to the IKV [Interchurch Peace Deliberation] and others calling for unilateral measures. The Foundation's publications mainly reflect his opinions. He was also chairman of the SVP for a time; when he was succeeded by former DS'70 [Democratic Socialists 1970] MP Ruud Nijhof, he stayed on as a member of the governing board. "Voorhoeve has played a very important role in the Foundation's work," says SVP Director F. de Bree. "The fact that we're so well known is due to him."

When he published "De rol van Nederland in de wereld" [The Netherlands' Role in the World] in 1982, parts of it proved to come directly from an article written in 1981 for the INTERNATIONALE SPECTATOR and entitled "De slinkende rol van Nederland in de wereld" [The Netherlands Shrinking Role in the World]. Correct as always, Voorhoeve made no secret of that fact: in the back he called it the 1982 edition. Still, it does seem strange.

Within a short time, however, he would again be called to another job: he became a member of the Second Chamber at the end of 1982.

Still, his view of the Netherlands' role in the world is interesting. He warns against "moralistic overestimation of oneself" but does not agree with a position of "conservative passivity." Our country "would do better to draw its inspiration from practical idealism, an idealism that is guided by a

At first he seemed to have a rough time of it. He attracted attention for completely different things.

Relus ter Beek was with him on a visit to China and Japan with a Parliamentary delegation. During the trip "Joris didn't do anything to cause surprise." But a few days after Ter Beek got back home, he saw Voorhoeve on TV, arriving in the Netherlands with an Afghan child in his arms. "He never told us anything about it. Isn't that strange though?" He tries to explain: "I think he's a man with definite solitary traits." (The adoption matter got rather out of hand later after VRIJ NEDERLAND announced that the child was not an orphan, and that its parents were still alive. However, nobody supposes that Voorhoeve had bad intentions. "He went about it clumsily, I think, but beyond that I really believe he had only good intentions," Ter Beek says.)

Klaas de Vries had another, rather remarkable experience with Joris Voorhoeve. A high political official in Kuwait spoke to a Netherlands Parliamentary delegation, comparing the Israeli government of the time with the Nazis. This made Voorhoeve so angry that he did not give the man the gift brought for him. "That man won't get any book," Voorhoeve whispered to De Vries before the talks had even finished. De Vries: "I thought, 'What's that? No book?' We were on an orientation trip. And the problem that we were constantly having there is that an awful lot of people had totally different opinions from us. As a politician you have to deal with that, whether you want to or not. I mean, you feel your way, what's OK and what isn't? Not Voorhoeve. He simply confronts the others with his opinion. He always lets people know he's right. For a politician I don't think that's quite the right attitude."

Ton Frinking: "Inevitably he always thinks he's right, that's true. And he does so on the basis of a scholarly analysis that's assumed to be right all the time. He views politics with mathematical certainty. Along the lines of: if you put this in here, that comes out there. He has no doubt at all about that. And that may just be a rather limited view of politics."

Fred van der Spek had another experience: "I was with him abroad, and, strangely enough, we very often agreed. What often happens on these trips is that things get pretty loose, you know, that a group of people go out and drink. Neither of us saw much in that. Once, maybe even more often, I've debated with him here in the Netherlands. I had the impression that he did respect me, actually. Look, I'm no fool, and he isn't either, we both knew a respectable amount, and even so he was cautious. We respected each other. I don't think he was really interested in my ideas, it was a certain politeness. And respect, that's right."

In the VVD faction--where nobody is willing to be named, they are very cautious--it is said that "Joris has gotten more and more political lately. At the start of his previous--and first--parliamentary term, after all, he was mainly seen as "a scholar who's made the wrong choice." But his authority grew. Mainly because he was able to make it clear in parliament too that he "knows an enormous amount." That is why he was one of Nijpels' closest advisers when the cruise missile question became so important in the middle of 1984. Not, by the way, because he was expected to contribute to political strategy--that skill still was not expected of him then.

Still, he came to "understand the work better and better," the faction feels. Relus ter Beek saw it happening too: "Oh yes, at first Joris would always come up before a debate and ask carefully if you would be willing to co-sign a motion. Usually something everbody agreed on; fighting terrorism or the like. But the last time, at the budget debate, it was different. That time DE TELEGRAAF came out the day before with his plan to fight terrorism. I thought to myself, 'Well, look here, Joris is beginning to see how it works.'"

Ton Frinking was involved with Voorhoeve in that kind of thing as a coalition partner: "He's very good at drawing up compromise texts. He's really flexible and inventive then. And as for his behavior as a colleague otherwise, there's been considerable change in that during the past term. Just before the elections we had one last debate--I think it was about chemical weapons. Beforehand I had given him a motion he was able to agree with after a few changes; no problem, in other words. But what happens during the debate? He has a motion himself too. At a time like that you think, 'Why didn't you just tell me, Joris?'"

In Parliamentary debate he still has not exactly perfected himself after 4 years as an MP. "In the second round he usually doesn't say anything," comments Klaas de Vries. "I find that kind of debate neat, but I don't think he much likes it. I've seldom seen him at the interruption microphone."

But here too he is moving in the right direction. Ter Beek: "One time he began to question me pretty actively about our cruise missile position. I'll be honest, I was having a hard time of it. But, well, I see the camera grinding away, so I come out with a homily about the horrors of the atomic age; in short, it was pure demagoguery, I admit it. Afterwards Joris comes up to me, 'That was beneath you, you know.' Not angry or anything, more like, 'I understand, that's how it works here.'"

He was eager to become faction chairman.

He did not make much of a secret of that, not even when it was important to in the decisive meeting during "the night of Transport and Public Works." "In things like that he's very single-minded," says a fellow VVD MP. "He's ambitious. If you ask him right out, I think he'll say yes."

For the time being the outside world will continue to see him as the "professor in politics," it seems. Internally, inside the faction, is probably where he faces the greatest problems. But whatever happens, the fact is that Joris Voorhoeve has never failed anywhere yet.

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LABOR PARTY NEWSPAPER COMMENTS ON DISCOURAGING POLL RESULT

Biggest Drop in Months

Oslo ARBEIDERBLADET in Norwegian 25 Jul 86 p 6

[Article by Alf Hildrum: "Poll Shock for Labor Party"]

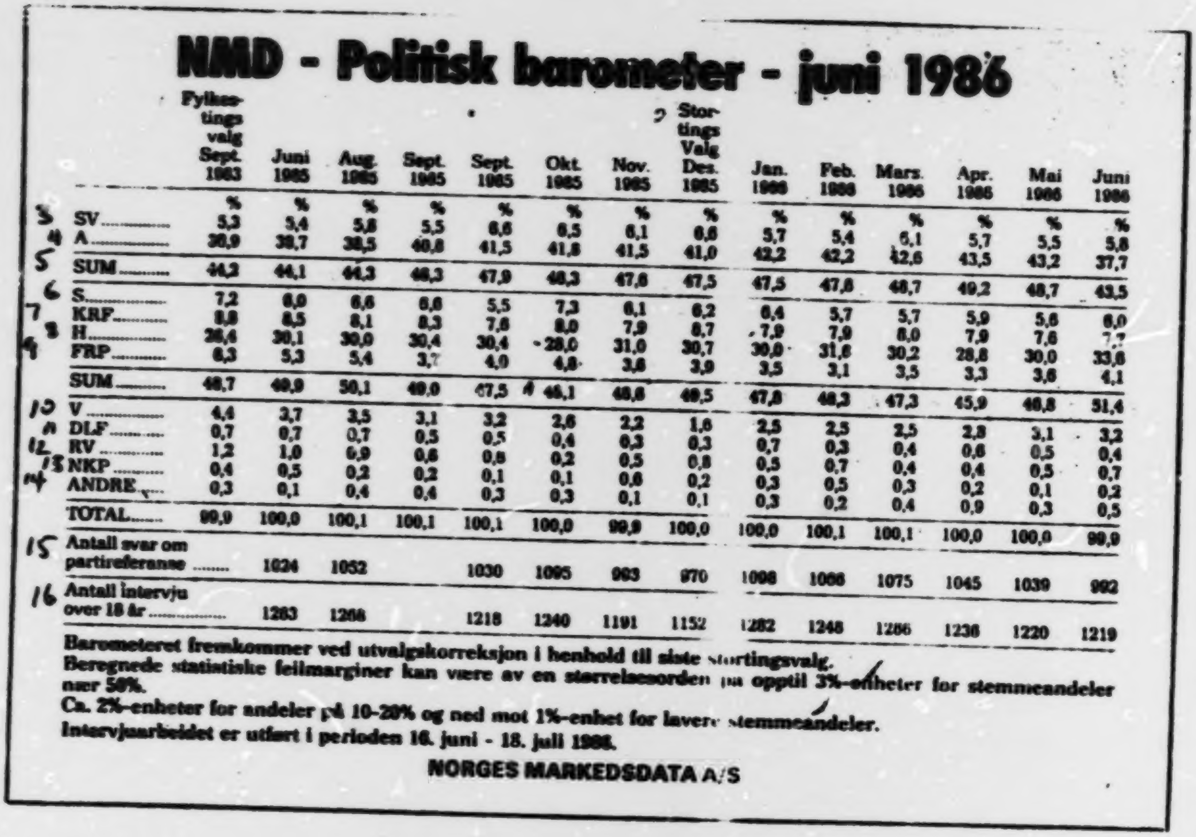
[Text] Oslo—The Labor Party has experienced a free fall in the polls. In a single month support for the party dropped from 43.2 percent to 37.7 percent. In terms of voters this means that almost 150,000 people abandoned the party between May/June and June/July.

That is 15 percent of the party's voters. It is probable that the decline started right after the government changed hands and accelerated as summer approached. This is the biggest change ever recorded for a party on Norwegian Market Data's political barometer. The poll was conducted at the request of the Labor Party.

The right-wing has benefited from the flight of voters from the Labor Party. The Conservatives went from 30.0 to 33.6 percent in this poll while at the same time the Progressives went up from 3.6 to 4.1 percent. This means that the two right-wing parties together have exactly the same support level as the Labor Party. The middle-spectrum parties and the Socialist-Left [SV] remained at the same level.

The support level noted for the Labor Party is the lowest since April last year when the party had a 36.7 percent rating. The Conservatives also reached 33.6 percent then, so the present situation resembles the one in effect before the Labor Party started to pick up support before the election last fall. This also applies to support for the middle parties. Since April of this year the nonsocialist government alternative increased its support level from 45.9 to 51.4 percent, while support for the Labor Party and SV dropped from 49.2 to 43.5 percent.

The poll was conducted at a time of strikes and unrest during a public wage dispute and there is little doubt that the government's handling of this matter had a negative impact on the current political barometer.



NMD - Politisk barometer - juni 1986

	Fylkestingsvalg Sept. 1983	Juni 1985	Aug. 1985	Sept. 1985	Sept. 1985	Okt. 1985	Nov. 1985	2 Stortings Valg Des. 1985	Jan. 1986	Feb. 1986	Mars. 1986	Apr. 1986	Mai 1986	Juni 1986
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
3 SV	5,3	3,4	5,8	5,5	6,6	6,5	6,1	6,6	5,7	5,4	6,1	5,7	5,5	5,8
4 A	38,9	38,7	38,5	40,8	41,5	41,8	41,5	41,0	42,2	42,2	42,6	43,5	43,2	37,7
5 SUM	44,2	44,1	44,3	46,3	47,9	48,3	47,6	47,5	47,5	47,6	48,7	49,2	48,7	43,5
6 S.	7,2	6,0	6,6	6,6	5,5	7,3	6,1	6,2	6,4	5,7	5,7	5,9	5,6	6,0
7 KRF	8,8	8,5	8,1	8,3	7,6	8,0	7,9	8,7	7,9	7,9	8,0	7,9	7,6	7,7
8 H	26,4	30,1	30,0	30,4	30,4	28,0	31,0	30,7	30,0	31,6	30,2	28,8	30,0	33,6
9 FRP	6,3	5,3	5,4	3,7	4,0	4,8	3,6	3,9	3,5	3,1	3,5	3,3	3,6	4,1
SUM	48,7	49,9	50,1	49,0	47,5	48,1	48,6	49,5	47,8	48,3	47,3	45,9	46,8	51,4
10 V	4,4	3,7	3,5	3,1	3,2	2,6	2,2	1,6	2,5	2,5	2,5	2,8	3,1	3,2
11 DLF	0,7	0,7	0,7	0,5	0,5	0,4	0,3	0,3	0,7	0,3	0,4	0,6	0,5	0,4
12 RV	1,2	1,0	0,9	0,6	0,8	0,2	0,5	0,8	0,5	0,7	0,4	0,4	0,5	0,7
13 NKP	0,4	0,5	0,2	0,2	0,1	0,1	0,6	0,2	0,3	0,5	0,3	0,2	0,1	0,2
14 ANDRE	0,3	0,1	0,4	0,4	0,3	0,3	0,1	0,1	0,3	0,2	0,4	0,9	0,3	0,5
TOTAL	99,9	100,0	100,1	100,1	100,1	100,0	99,9	100,0	100,0	100,1	100,1	100,0	100,0	99,9
15 Antall svar om partireferanse		1024	1052		1030	1095	993	970	1098	1086	1075	1045	1039	992
16 Antall intervju over 18 år		1283	1208		1218	1240	1191	1152	1282	1248	1286	1238	1220	1219

Barometeret fremkommer ved utvalgskorreksjon i henhold til siste stortingsvalg.
Beregnede statistiske feilmarginer kan være av en størrelsesorden på opptil 3%-enheter for stemmeandeler nær 50%.
Ca. 2%-enheter for andeler på 10-20% og ned mot 1%-enhet for lavere stemmeandeler.
Intervjuarbeidet er utført i perioden 16. juni - 18. juli 1986.

NORGES MARKEDSDATA A/S

Norwegian Market Data Political Barometer, June 1986

The barometer has been corrected in relation to the last Storting election.

The estimated statistical margin of error may be as much as 3 percent for voter responses of around 50 percent, around 2 percent for responses of 10-20 percent and around 1 percent for lower voter responses.

Interviews were conducted in the period 16 June to 18 July 1986 by Norwegian Market Data, Inc.

Key:

1.	County elections	10.	Liberal Party
2.	Storting election	11.	Liberal People's Party
3.	Socialist-Left	12.	Red Election Alliance
4.	Labor Party	13.	Norwegian Communist Party
5.	Total	14.	Others
6.	Center Party	15.	Number of people indicating party preference
7.	Christian People's Party	16.	Number of people 18 and older interviewed in survey
8.	Conservative Party		
9.	Progressive Party		

But even though this special factor could have had an extra impact on the current poll, it is likely that the voter shift is also a warning sign that a great many people have reacted negatively to the government change and now hold the Labor Party responsible for it.

It is also worth noting that the Progressive Party does not seem to have been affected by the fact that the party helped to vote the nonsocialist government out of office. The Conservatives in particular predicted an early demise for the party after that, but the poll shows that the Progressive Party has strengthened its position following the change.

Here are the figures:

Socialist-Left Party: 5.8 percent (+ 0.3)
Labor Party: 37.7 (- 5.5)
Center Party: 6.0 (+ 0.4)
Christian People's Party: 7.7 (+ 0.1)
Conservative Party: 33.6 (+ 3.6)
Progressive Party: 4.1 (+ 0.5)
Liberal Party: 3.2 (+ 0.1)
Liberal People's Party: 0.4 (- 0.1)
Red Election Alliance: 0.7 (+ 0.2)
Communist Party: 0.2 (+ 0.1)
Other parties: 0.5 (+ 0.2)

Gro Harlem Brundtland Comments

Oslo ARBEIDERBLADET in Norwegian 25 Jul 86 p 6

[Text] Utoya--Prime Minister Gro Harlem Brundtland does not believe that the sharp decline in the poll gives an accurate picture of political developments in the past month.

"There has been a downward trend since the government change, but the movement has not been dramatic," was her comment.

She referred specifically to the big shift in public opinion ever since April. "The special political climate that was created by the lockout gave the Labor Party a big boost up from the level of around 41 percent that we had then. The Conservative Party declined correspondingly. This happened just before the government changeover and did not indicate a normal political development."

She said that Norwegian Market Data's last poll clearly differed from those conducted by other institutes. "We did not have 43 percent there. What we have lost since the government changeover is a few percentage points from our original level of around 41 percent. Considering the normal sources of error that polls operate with, I do not think the latest poll represents the dramatic decline that the numbers in themselves seem to indicate," said Gro Harlem Brundtland.

In her speech at the Labor Youth League camp in Utoya the prime minister flatly denied that it was tactically unwise of the Labor Party to take over the reins of government.

Paper Assesses Poll Implications

Oslo ARBEIDERBLADET in Norwegian 25 Jul 86 p 4

[Editorial: "Heavy Burden"]

[Text] The latest opinion poll from Norwegian Market Data showed a sharp decline in support for the Labor Party. The July poll showed the Labor Party declining by 5.5 percent from 43.2 percent in May to 37.7 percent now. Even if we make all due allowance for margins of error, the decline is so significant that it probably indicates a real reaction on the part of voter groups.

The Conservatives have reaped the positive effects from the Labor Party's loss of support and moved ahead by 3.6 percent to a support level of 33.6. The impact on other parties was relatively minor.

The fact that the shifts were mainly concentrated on the two largest parties indicates that the government issue has played a large role in the political opinion of the average voter and continues to do so today. At any rate it is hard to discern any political issue that the Conservatives could have used to make their mark after the government change that would have an impact on public opinion.

The figures from the latest opinion poll will certainly be used extensively in the political debate in the near future. In the opposition parties the opinion poll will provide fresh ammunition for those who above all else want a government change as soon as possible and it would not surprise us if the banal "fall hunt" debate flares up. A debate that is not particularly justified politically but is largely fueled by personal ambitions.

Above all we feel that the latest opinion poll results call for common sense. This applies to the nonsocialist parties as well as to those in the labor movement who may want to indulge themselves in the "I told you so" joys of hindsight.

A poll is not an election. Opinion polls can give certain signals about development trends in the electorate and about the feelings voters have for individual parties. But that is all. The most important things in the current political situation are unaffected by variations in the polls. The situation is still the same as it was when the Labor Party and Gro Harlem Brundtland accepted the task of forming a government. There is no clear majority for any government alternative in Storting. The clearest political alternative is still the Labor government which has a clear political basis for government activity. We still do not know anything on the nonsocialist side except that the three parties will negotiate their way to a political platform for a potential new government.

When we say that it is necessary to deal calmly with the new opinion poll figures, it is not least because the reaction is most likely due to the austerity policy the Labor government has been forced to carry out. The necessity for these drastic remedies is entirely due to the failure of the previous government's economic policy. But the Labor Party now bears the burden of redressing an economic policy that the party disagreed with and opposed. We believe this task would have been even harder for those who were really responsible if the Willoch government had remained in office. That is why the three-party government chose to turn over the position and the responsibility to others.

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CSO: 3639/147

POLL REVEALS PUBLIC BELIEF IN EARLY ELECTIONS

Lisbon EXPRESSO in Portuguese 15 Aug 86 p 1, 20

[Text] The government was the organ of sovereignty most affected by the atmosphere of political confrontation that prevailed in July. According to a new EXPRESSO-Euroexpansao Panel poll, the popularity index of the Social Democratic Executive dropped 6 points in the past month. It now has a 30 percent positive popularity rating, an index that is close to the 24 percent obtained by the Assembly of the Republic, where the main political debates took place and which has improved its image by 5 points.

The parliament, several times accused by the Social Democrats of obstructing the government's action, emerges clearly the beneficiary of public opinion after its intense activity in July, when the bills on agrarian reform and the PSP's regulatory statute were disapproved and the internal security law, the purchase of military materiel in the amount of 120 million contos, the conclusion of a new penal code, etc., were approved.

The prime minister continues in first place on the popularity scale, with a 51 percent favorable rating, widening the distance that separates him from the Executive that he heads. Cavaco Silva, remains at the same level as the previous month (he rose only 1 point), sustaining the abrupt 11-point decline he suffered from June to July, apparently as a result of the conflict aroused by the presentation of the confidence motion.

For his part, the president of the republic, who did not intervene in the recent political events, again shows a slight decline in his popularity index: he dropped from 50 to 46 percent a month ago, and now to 43 percent. In the meantime, this poll once again reveals a very low number of negative ratings for Mario Soares' performance: only 2 percent considered it "poor" or "very poor," a score that no other organ of sovereignty has managed to approach.

Only one-third of the Portuguese (34.6 percent) believe that the Cavaco Silva government is going to complete its 4-year term ending in 1989. The majority believes that the Social Democratic minority Executive is going to fall next year and that it will then be preferable to hold new legislative elections than for the president of the republic to name a new government without recourse to elections. That is revealed by the August poll conducted by the EXPRESSO-Euroexpansao Panel.

According to the poll, it is the PSD and CDS voters who express the greatest conviction that the government will remain in operation until the end of its term (almost 50 percent in both cases). The Social Democratic electorate, naturally, is the most reticent about the possibility of the appointment of a new government that does not result from elections: about 75 percent would prefer the scheduling of a new election. On the other hand, the Communists, Democratic Reformers, and Socialists clearly opt for the alternative of a government appointed without elections.

If the fall of Cavaco Silva's Executive should be confirmed, opinions are much divided about the possibilities of allies that would provide the basis for the formation of a new government. The two possibilities mentioned the most, which do not manage to get 30 percent of the expressed preferences, are that of another PSD government without alliances, or of a coalition between the PS and the PRD. Strangely enough, it is the voters of the CDS who most advocate the formation of a new Social Democratic government: more than 60 percent consider this the best possibility, while only 10 percent would like to see the CDS in a coalition with the PSD.

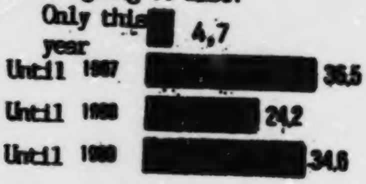
The alliance between the PS and the PRD is the alternative that is most favored by the voters of Ramalho Eanes' party (41 percent). They also prefer a government made up of the PS alone (19 percent) to an alliance of their party with the PSD (16 percent). The Socialist voters also consider the PS/PRD coalition the best possibility (36 percent), immediately followed by a government of the PS alone (20 percent).

On the other hand, the Central Bloc experiement does not appear to be likely to be repeated: less than 12 percent of the voters, both from the PSD and the PS, advocate it. The APU supporters are practically the only ones who support the "others" alternative, presumably having in mind a government that would include the Communists, a possibility that is not considered in any of the other cases. Forty-two percent of the Communists prefer that possibility, putting it in first place, followed by an alliance of the PRD with the PS (31 percent).

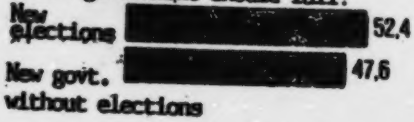
This dispersal of opinion among the various government alternatives without giving any of them a significant majority reinforces the conviction that, in the event that the government should fall, there would not be enough of a consensus to permit appointing a new government without resorting to new elections.

MAJORITY PREDICTS ELECTIONS NEXT YEAR

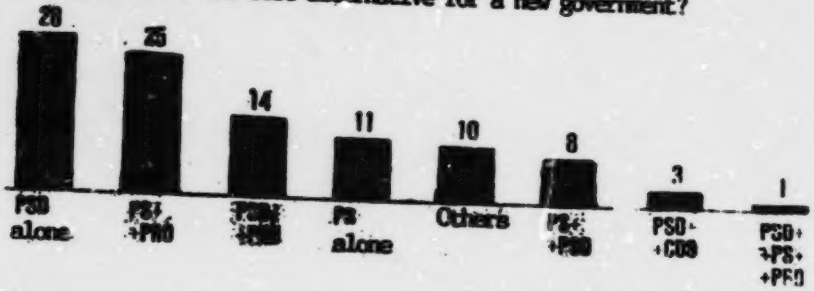
- How long is this government going to last?



- What would be preferable if the government should fall?



- What would be the best alternative for a new government?



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POLITICAL PORTUGAL

POPULARITY POLL ON INSTITUTIONS, PERSONALITIES, PARTIES

Lisbon EXPRESSO in Portuguese 15 Aug 86 p 3

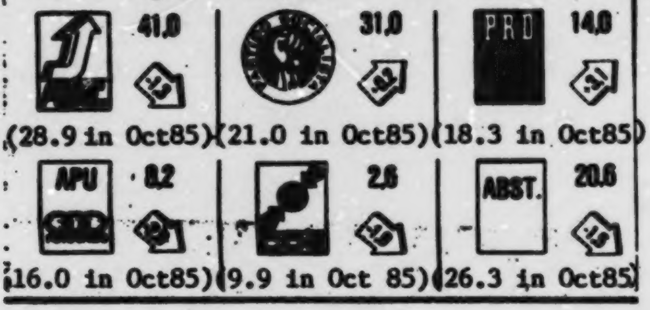
[Article: CDS: The Attraction of the Vacuum]

[Text] The PSD and the PS not only show the solidarity of their growth--they both remain more than 10 points about their results in the October legislative elections--but confirm the strong bipolarizing trend of the Portuguese electorate's current voting intentions. Even the appreciable rise of the PRD (from 10.9 in July to 14 percent), which emerges as a counterpoint to that bipolarization, is not enough to weaken the leading positions of the Social Democrats and the Socialists. As a matter of fact, the changes recorded in August by the PSD (42.3 in July) and the PS (30.8 percent last month) are slight. And it turns out to be the two forces situated at the extremes of the party spectrum--the APU and the CDS--that suffer the negative balances of that evolution.

The alliance headed by the Communists again drops to a level close to 8 percent (where it was in June, with 8.5 percent) which is equivalent to about half of the votes the APU obtained on 6 October.

On the other hand, the uninterrupted drain of votes continues for the CDS: 5.3 percent in June; 4.5 in July; and 2.6 in August. Thus, the Christian Democrats do not appear to be capable of stanching the incessant drain of their electorate to Cavaco Silva's party (more than 70 percent of its October voters declare today that they intend to vote for the PSD).

As of August 1986, intend to vote for:

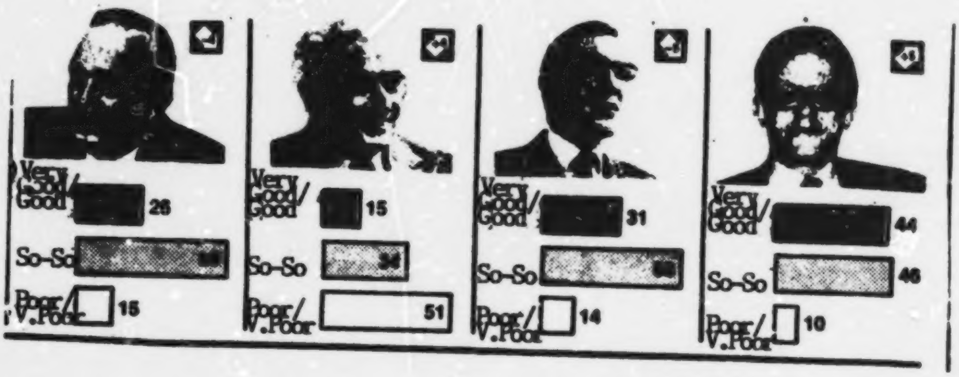


Eanes Resists Bipolarization

Having dissipated the immediate effects of the victory he gained at the PS Congress, Vitor Constancio is seeing his popularity decline 5 points in August. He is, thus, letting Cavaco Silva--whom he also equaled in July in the previous EXPRESSO-Euroexpansao Panel poll--pull away, and the distance that separates him from Ramalho Eanes has dropped to 14 points.

The former president of the republic, moreover, makes a significant recovery from the sharp drop his popularity rating suffered in July, regaining 5 of the 9 points he lost then. His 31 percent positive index, still not enough to challenge the clear leadership of Cavaco Silva (51 percent), and Vitor Constancio (44 percent), place him as the third party personality and possible alternative to the bipolarizing trend personified by Cavaco and Constancio. Along with the simultaneous rise of the PRD, Eanes now seems to offer greater resistance to the nuclei of vote polarization that the PSD and the PS have become. His popularity is increasing among the women and city voters, and the negative opinions (which come mostly from the Social Democratic and Socialist voters) have also dropped 5 percentage points.

Adriano Moreira's indices, those of his party, continue to drop month by month. He has now lost 4 points and third place among party leaders that he held in July. It should be mentioned, in the meantime, that the total number of those who consider his performance "poor" or "very poor" has also dropped (to 15 percent). This increase of intermediate or neutral replies regarding the Centrist leader may reflect the relative fading of the CDS's political role. Alvaro Cunhal, who has always held the lowest position among the principal leaders in terms of popularity, substantially improved his position: the 5-point rise in positive ratings is accompanied by a 5-point reduction in negative opinions. The balance, therefore, is broadly positive for Alvaro Cunhal in August, the more so since only 8.2 percent currently indicate that they intend to vote for his party.



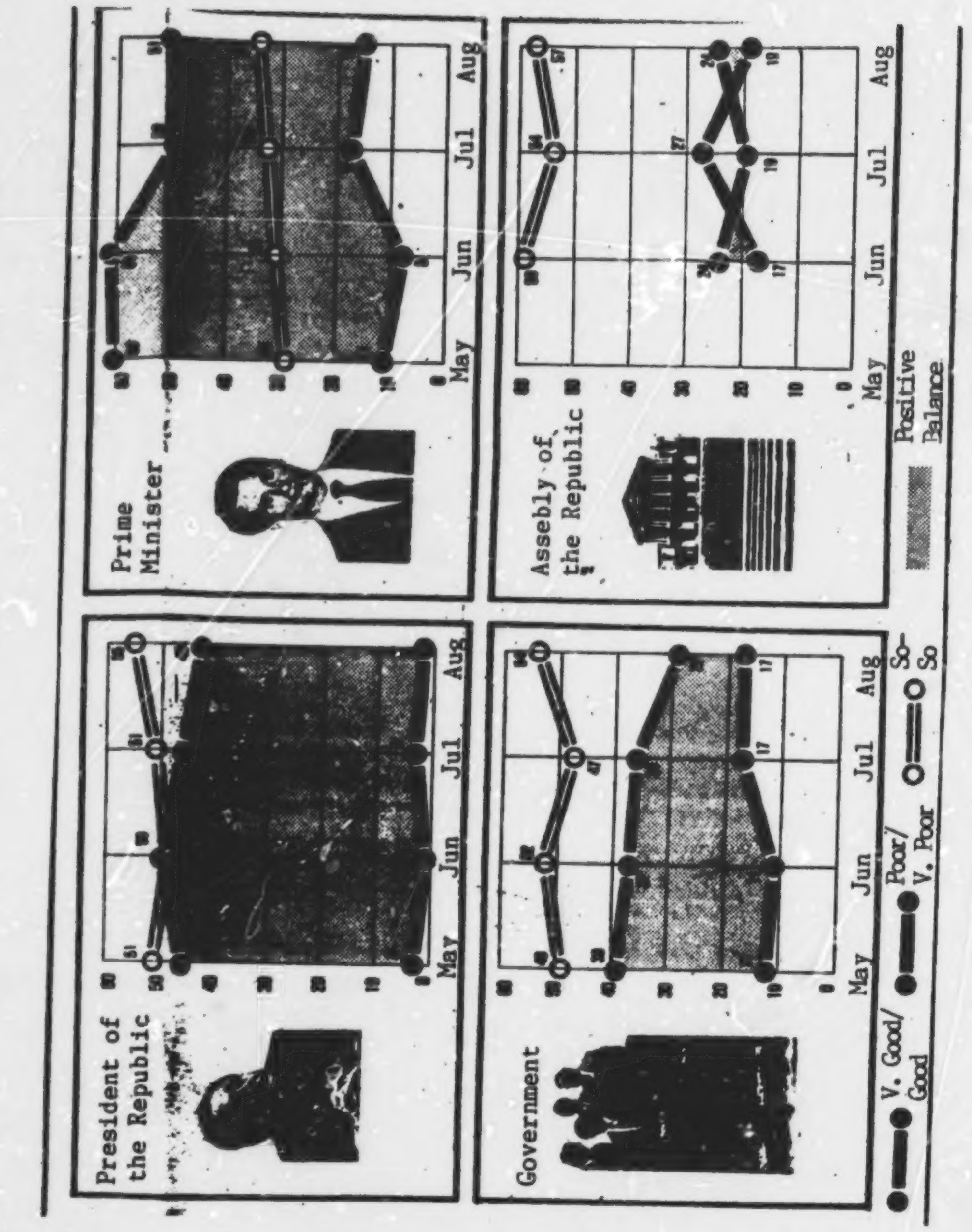
The Government Drops, the Assembly Rises

The Assembly of the Republic, regularly in last place in popularity among the organs of sovereignty, experienced a noteworthy recovery of its image in the period that preceded the vacations: its positive balance rose 13 points (5 percent more favorable opinions and 8 percent less negative ratings). At the opposite extreme, the government, which emerged as the parliament's antagonist in the recent political polemics, presents the most unfavorable balance for that period: its balance drops 5 points (praise declines 6 percent and criticism drops only 1 percent). It can be said that it was confronttion that parliament won on points: in this case by 18 points (13 + 5)...

Unlike his Executive, the prime minister apparently emerged unscathed from the recent political events. His popularity remains around 50 percent and his balance of positive and negative opinions even rose 3 points. Cavaco Silva continues to have his greatest supporters among the Centrist voters (91 percent in favor and none against), which exceeds even the loyalty of the Social Democrats (85.5 percent of support and 2.5 percent against). Furthermore, the 51 percent popularity index the prime minister receives seems to correspond to a relatively solid and stable support base because it did not allow the declining trend sparked by the sudden drop of 11 points the previous month to become accentuated.

The detached and non-interventionist attitude on the part of the president of the republic does not appear to favor his popularity. Mario Soares experienced a small drop of 3 points, which add to the other 4 points lost a month ago. However, he retains the second highest popularity rating, immediately after the prime minister, and his balance is even higher (41 percent for Soares and 36 percent for Cavaco) owing to the fact that the negative opinions for the president of the republic are practically negligible (2 percent).

Finally, it should be mentioned that the EXPRESSO-Euroexpansion Panel poll this month also included an opinion about the present government's African policy. Those who considered it "poor" or "very poor" (36 percent) are double the number of those who describe it as "very good" or "good" (18 percent), reflecting a "fair" image of the Executive on one of the sensitive points of its policy.



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STUDY SHOWS IMPROVEMENT IN POSITION OF GUEST WORKERS

Munich SUEDDEUTSCHE ZEITUNG in German 8 Aug 86 p 5

[Unattributed Article: "Success in Integration of Foreign Workers--Considerable Catching Up Remains to be Done for Occupational Integration of Young Foreigners"]

[Text] Bonn, 7 August--Since the end of the 1970's, there has been a significant increase in the integration of foreign workers into the FRG societal system. This is shown by a representative study conducted by the research institute of the Friedrich Ebert Foundation under contract with the Federal Ministry for Labor and Social Affairs. However, considerable catching up in the occupational integration of young foreigners will still be necessary. At present, only one foreign youth out of four receives occupational training. However, in the opinion of the federal government the attitude of the foreigners toward the Germans has undergone a change for the better during the past few years. Last year, 52 percent of foreigners had leisure-time contacts with Germans, and 82 percent of them considered their relations with Germans to be good. About one-half of foreign parents indicated that they would have no objections to their children marrying into a German family.

According to Wolfgang Vogt (CDU), parliamentary state secretary in the Federal Ministry for Labor and Social Affairs, the purpose of the study was to provide comprehensive data to agencies dealing with foreign worker policy on the social, cultural and economic situation of the foreign workers and their families. The Institute of the Friedrich Ebert Foundation had previously conducted a representative study in 1980. In the present investigation, 6,500 foreigners aged 15 and above were interviewed; they were nationals of countries where foreign labor had formerly been solicited: Greece, Italy, Yugoslavia, Portugal, Spain and Turkey.

The federal government believes that one of the most significant results is the fact that between 1980 and 1985, about 83 percent of foreigners in Germany from ages 15 to 24 had attended schools (in 1980, it had been 63 percent), and that more than half of them had graduated from a German school. In 1985, one out of every three young foreigners of this age group received occupational pereparation. Of the 4.43 million foreigners living in the FRG (2 million men, 1.4 million women, 1 million children under 16), more than 1.5 million were employed in 1985 and 260,000 wre registered as unemployed. Ten percent of foreign workers were salaried employees, 3.5

percent held training status. Average monthly net earnings of all foreign workers were DM1,710 in 1985. The average monthly net income of foreign households was DM2,742. During the past year, 4 percent of the guest workers lived in their own privately owned house or apartment, 89 percent in rental apartments, and 7 percent in communal accomodations. There has been a significant increase in the number of foreigners having German language capability during the past few years. Between 1980 and 1985, it increased from 70 to 86 percent. Forty-three percent of the guest workers considered their language capability to be very good or good.

The coordination panel on foreign guest workers, which has brought its 1979 recommendations up to date, recognizes the need for further action on the integration of young foreigners. The panel numbers among its members representatives from the federal government, the Laender, employers and employees, and the welfare agencies. They consider the following to be urgently required: training-connected assistance, an expansion of the programs for the disadvantaged, special support for occupational counseling, educational measures for improvement in technical and written language, as well as programs designed to facilitate the participation of young foreigners in occupational training.

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MINISTER SUBMITS BUDGET PROPOSAL IN WAKE OF TRADE DEFICIT NEWS

Family Tax Pressure Eased

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 86 p 6

[Article by Carl Otto Brix and Ole Dall]

[Text] "We have been enormously successful, but it is no use for us to relax the economy until we have achieved a balance of payments equilibrium," says Minister of Finance Palle Simonsen (Conservative Party), who declines to set a target date for the balance of payments equilibrium.

For the first time since 1973, a minister of finance was yesterday able to submit a budget proposal with a surplus. However, Palle Simonsen (Conservative Party) does not plan to distribute nice presents among Danish citizens--the balance of payments is entirely out of equilibrium, and as long as this will be the case, the minister will be holding the purse strings tightly.

And yet. The tax reform, involving, among other things, marked child allowances, will contribute to a minor improvement next year in the economic situation of the average Danish family.

Palle Simonsen: "For the first time in a decade, the available real income increased in 1986, and also in 1987, the possibility of a minor increase will exist. As a result of the tax reform, personal taxes will be reduced by 5 billion kroner, and that is something which families will notice. How things will go will, moreover, depend on the result of the collective bargaining. The lower the wage and salary increases, the lower the rate of inflation, which, naturally, will affect the available real income."

[Question] An increase in the available real income. How can you reconcile this with your desire not to increase the consumption out of regard for the balance of payments?

[Answer] One has to keep in mind that the tax reform was agreed upon in the summer of 1985, and, at the time, we permitted the tax reliefs which will take effect next year--being well aware of the fact that it will have a negative effect on the balance of payments. The tax reform, however, at the same time, contributes to increased savings, which, in turn, will have a positive effect on the balance of payments. That is why we permitted the tax relief, which formed part of the background to the December and Easter packages.

[Question] It is presumably certain that the tax relief--among other things, the child allowance--will cause an increase in the consumption, while it is assumed that the rate of savings will increase?

[Answer] Clearly, one does not know exactly how large a share of the tax relief will contribute to increasing the rates of consumption and savings. We take it that the two things will largely outweigh each other. That has been the basis in all economic adjustments since the summer of 1985.

'Inner Discipline'

[Question] You have increased the rate of employment and created a budget surplus, but you have not solved the last problem, the balance of payments deficit--and you have now postponed the date for a balance of trade equilibrium from 1988 till when?

[Answer] First of all, I want to say that the government has had two targets with target dates. One was the target for creating an equilibrium in the government finances by the end of the eighties, the other one was the target for creating a balance of payments equilibrium in 1988. The former target was reached 4 years ahead of time. As far as the second target is concerned, in examining the most recent figures, we hardly expect that it will be possible to meet that target in 1988.

The target dates have played a major role in maintaining the 'inner discipline,' as far as the economic policy is concerned. Without the target dates, I do not believe that we would have carried through the adjustments of the economic policy in such a resolute manner, as a result of which we have now achieved a very favorable development.

We have been enormously successful, but it will not do for us to relax the economy until we have achieved a balance of payments equilibrium.

If we are now saying that it will hardly be possible to achieve an equilibrium in 1988, it does not mean that we are thus simply giving up and saying, 'Then we shall have to drop that idea.' We are adhering to the measures and will supplement them with proposals intended to increase private savings. There is no vacillation in the economic policy.

However, irrespective of the many advantages, the target date may have landed us in a situation which has enabled our critics to charge us with failing to meet the target, as far as the balance of payments is concerned, whereas they forget that 185,000 new jobs have been created in 4 years. That is a reflection of a growth policy which beats everything seen anywhere else.

Might Achieve Equilibrium in 1988

When people ask me when we shall achieve a balance of payments equilibrium, I answer: The government might very well achieve a balance of payments equilibrium in 1988 by employing sufficiently tight measures, but the result would be a return to the unemployment situation of earlier times.

We are now in a situation where there is a small surplus on the government finances, we have a low rate of inflation, we have managed to reduce the interest level considerably, and we have achieved the best rate of employment in many years.

It would be foolish to ruin this. We would do so if we wanted to adhere to the target and carry through a balance of payments equilibrium in 1988.

[Question] Dare you not give a new date for a balance of payments equilibrium?

[Answer] It is not a question of whether we dare to do so. We do not want to give another date, for we do not want for the attention to focus too much on that date. The attention will, to a larger extent, have to focus on the general economic development in our society.

[Question] But the growth is taking place internally, which does not result in any major increase in our exports, which will be necessary to reduce the balance of payments deficit?

[Answer] One of the reasons why our export has not risen very much, is, of course, that the domestic market has been very good. That is quite clear, but there will not be as high a rate of growth in the private consumption in 1987 as in 1986. In this context, I do not have in mind the individual family but the total consumption of the society. That means that the growth which is taking place in the production, to a larger extent, will have to be funneled into the export market.

Budget Would Contain Surplus

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 86 p 6

[Article by Morten Larsen]

[Text] The increase in the domestic consumption is slowing down, and that will mark developments next year, as far as the government finances are concerned. The government does not expect any decline in the unemployment rate next year, nor any growth in the rate of investments within the business sector.

On the other hand, Denmark would get a step closer toward a trade balance equilibrium. Exports will next year increase by 4.8 percent in terms of fixed prices, while imports will increase by 1.5-2.0 percent.

The improvement is partly due to the fact that the increase in the domestic demand is leveling off, partly to the fact that the government expects to resolve some of the bottleneck problems of the export industry. The result will be that Denmark will be able to regain some of the foreign market shares which were lost last year.

The total Danish gross national product--the total production of goods and services--will increase by 2.0-2.5 percent next year, and it will be a growth rate generated by the private sector. The public sector will not grow, whereas the growth rate within the private sector will be fair and larger than in other Western European countries.

The private consumption will increase by 2.8 percent and will thus continue to increase at a somewhat faster rate than the gross national product. The rate of growth, however, will be 0.3 percent below that of this year, and this will be due to the continued increase in the employment rate, which, according to the expectations of the government, next year will keep up with the additions to the labor force, as well as to the slight increase in the real income of salary and wage-earners and the fact that the tax reform will make more money available for family consumption.

Minister of Finance Palle Simonsen (Conservative Party) is, with next year's budget, aiming at keeping the net expenditures of the government within a framework of 193.4 billion kroner at the price level expected by the government in mid-1987. The total net incomes will be 800 million kroner higher, and the budget proposal will thus be the first one since 1974 with a surplus on the revenue and expenditure account, in the capital budget and the lending budget.

It will be a fragile surplus, however, one of the reasons being that it will be based on an average interest level next year of 8.7 percent. If the interest rate becomes merely 1 percent higher, this will cost the government another 4 billion kroner.

This is associated with the fact that, by the end of 1986, the total domestic national debt of the government will amount to 343.6 billion kroner. Repayments on this debt will next year amount to 66.3 billion kroner, and the net amount pumped out of the domestic capital market will be 45.4 billion kroner. The government cannot afford this, and that is why it expects to sell 53.5 billion kroner worth of bonds next year. If the Danish interest rate increases, the interest expenditures of the government will also increase.

Without increasing the total expenditures of the government, there will be scope for a number of new initiatives.

Educational grants will be increased by 240 million kroner by making them 1 dependent upon the incomes of parents.

Partial pensions will cost 1 billion kroner, the coordinated deductions of government employees will be reduced, and pension expenditures will thus become larger, and additional efforts will be made in the area of education within the labor market to solve the bottleneck problems in the business sector.

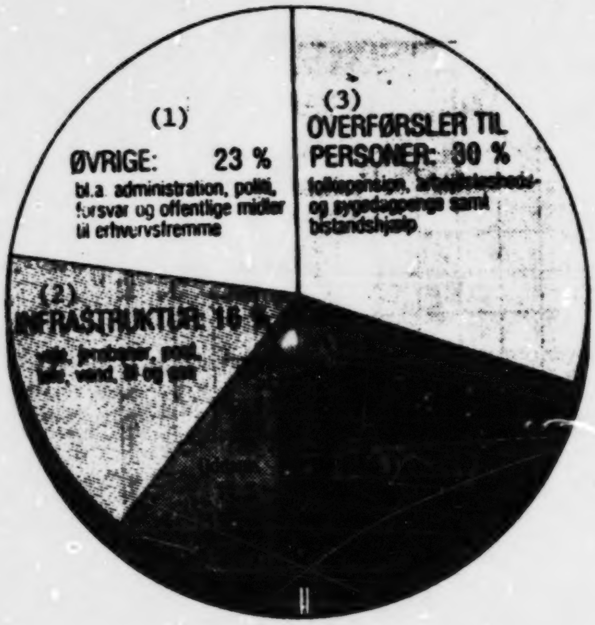
In addition, the 4-year action plan for research and development, which will cost a total of 1.4 billion kroner and will strengthen Danish exports will be continued. Finally, the Ministry for Transportation will need 400 million kroner to set up the state-owned corporation which will build and own the fixed connection [bridge or tunnel; translator] across the Great Belt.

On the incomes side, the state expects to continue to receive 74 billion kroner under the Pay-As-You-Earn tax system, while the total revenues from the hydrocarbon tax and the corporation tax will drop from 17.6 to 12.2 billion kroner, because the banks will not have as big profits due to appreciation this year as last year and thus will not be paying as high taxes next year.

The real interest tax will increase by 6 billion kroner to 17.5 billion kroner, and customs duties and indirect taxes will increase by 6 billion kroner to 121.1 billion kroner. The increase in the energy taxes which was carried through under the Easter package accounts for half of this increase.

Minister of Finance Palle Simonsen expects that the total tax pressure will drop by about 1 percent to well over 50 percent.

Gross Expenditures of Public Sector in 1986
Distributed on Areas of Expenditure



This is the way the expenditures of the state are distributed. For the first time in 12 years, the incomes will cover the expenditures--if the repayments on the national debt are not taken into consideration.

Key:

1. Others: 23 percent
   Includes, among other things, the public administration, the police, the Armed Forces, and expenditures of the public sector to promote the trades and industries.
2. Infrastructure: 16 percent.
   Roads, railways, postal service, telecommunications, water, power and gas.
3. Transfers to persons: 30 percent.
   National pension payments, unemployment benefits, sickness benefits as well as welfare benefits.
4. Service sector
5. Education: 11 percent
6. Health: 9 percent
7. Social sector: 11 percent

MP's Give Varied Reactions

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 86 p 6

[Article by Morten Langer]

[Text] The Radical Liberal Party supports adhering to the main lines of the government's expenditure policy under the government's budget for 1987. But the party wants to earmark additional funds for research, development and education of special importance for the export trade. This is done in an endeavor to eliminate the balance of payments deficit.

"In the negotiations with the government on the new budget, we do not want to feel committed to their figures when it comes to spending money on promoting our exports," says Niels Helveg Petersen, leader of the Radical Liberal Party. Jens Bilgrav Nielsen, his fellow party member, finds that the efforts on the part of the government in these areas are entirely inadequate.

Mogens Camre (Social Democratic Party) supports the expenditures to promote Danish exports, but he does not like the government's budget proposal. He says:

"The budget proposal of the government does not solve the country's big economic problems. The surplus on the budget of the state is no independent step forward, because parts of the public sector are simultaneously being demolished."

"The government will have to realize that the serious balance of payments trend cannot be reversed by carrying on its policy. The balance of payments deficit, the unemployment rate and the social inequality can only be rectified through a healthy, purposeful growth and a renewal of the economic and technical structures of the society," Mogens Camre says.

The government parties naturally take a very positive view of the budget proposal. Anders Fogh Rasmussen, finance policy spokesman of the Liberal Party, says: "It is important to establish that, actually, there is no government surplus to spend. That is why we cannot afford to increase the public expenditures."

Bernt Johan Collet, finance policy spokesman of the Conservative Party, says:

"In order for the Danish economy to emerge anew as sound and healthy, it will be absolutely necessary to continue the tight finance policy measures and ensure an extremely cautious salary and wage development. This will serve the interests of the country and the salary and wage-earners."

Flemming Kofoed-Svendsen, national chairman of the Christian People's Party, says that it is very gratifying that the government has won the battle against the interest on the national debt, thus alluding to the fact that, for the first time in many years, the national debt will decrease.

Jes Lunde (Socialist People's Party) says that the budget proposal of the government is greatly marked by its ideology. He says: "The well-to-do, the affluent, the well-educated and the well-paid will be better off--the others: the less well-to-do, the poor and the children and adults who are more or less ignored, will continue to be badly off."

Keld Albrechtsen of the Left-Socialist Party says that the many people who, for 4 years, have been affected by the cutbacks of the Schluter government, simply cannot afford another nonsocialist budget. "The budget proposal has one certain effect, viz. increasingly greater inequality and insecurity," he says.

Helge Dohrmann, group chairman of the Progressive Party, does not find that there have been sufficient cutbacks in the consumption of the public sector for next year. "Nobody--not the government either--has got the courage to touch the public expenditures in order to reduce the foreign debt," he says.

Record Current Account Deficit

Copenhagen BERLINGSKE TIDENDE in Danish 14 Aug 86 Sect III p 10

[Article by Frank Dahlgaard]

[Text] Denmark's balance of payments deficit was in the second quarter of 1986 the worst ever recorded, viz. 10 billion kroner.

In the second quarter of 1985, the deficit on the total balance of payments was "merely" 5.4 billion kroner, and in the first quarter of 1986, the deficit was 8 billion kroner.

Normally, the balance of payments deficit declines from the first to the second quarter because the heating season is over and less fuel is imported. This seasonal improvement in the first half of 1986 was entirely obviated by an actual deterioration of the balance of payments.

The sharp reversal in a positive direction predicted by members of the Independent Advisory Council and other forecasters is not yet noticeable. On the contrary, it is, unfortunately, found that also in the second quarter of the year, things went in the wrong direction, as far as the balance of payments trends were concerned.

The government's most recent estimate for the entire year of 1986 is a deficit of 18 billion kroner. This figure, however, was already reached in the first half of the year. A total deficit for 1986 of 25-30 billion kroner is now expected.

Third Consecutive Year

For the third consecutive year, the balance of payments deficit will become more than twice as large as originally predicted by the economists of the government:

The government's first prediction for the 1984 deficit was a deficit of 8.2 billion kroner. It became 18.8 billion kroner.

The government's first estimate of the 1985 deficit was 13.8 billion kroner. It became 28.4 billion kroner.

In March of last year, the government presented its first estimate of the 1986 deficit: 12.5 billion kroner. We have to face the fact that this first estimate as well will have to be more than doubled...

Before looking more closely at the disappointing figures for the balance of payments in the second quarter and the first half of 1986, there may be reason to warn against reactions of panic from political quarters.

For there is not much doubt that the foreign exchange deficit in the latter half of 1986 will start to decline. For the following reasons:

The international prices of oil and other raw materials have declined markedly since the turn of the year.

The dollar rate of exchange has also dropped sharply. Both of these things mean cheaper raw materials and lower import expenditures. The lower dollar rate, moreover, reduces our interest expenditures on the balance of payments.

Foreign interest rates have declined since the turn of the year, which will soon be reflected in the actual interest payments to our foreign lenders.

The rate of economic growth is increasing in Western Europe, which will increase our export possibilities and foreign exchange earnings.

Our domestic investment boom is slowly leveling off, which means that the growth in the import of machinery and equipment will cease.

Housing construction will level off this summer, and the declining building activity in the fall will, in turn, mean a lower rate of import of goods.

However, it is more doubtful whether the rate of growth in the private consumption will level off, though it is likely, and, if so, it will check imports.

Origin of Figures

The table shows the Danish balance of payments for the first half of 1986.

The figures are collected and published by the Department of Statistics. As far as the commodity trade is concerned, the figures stem from the records of the Customs Authorities on exports and imports.

All other balance of payments items are recorded by the Central Bank in its so-called 'foreign exchange statistics.' For according to the foreign exchange regulations, private banks and savings banks have to record and report all payments to and from foreign countries to the Central Bank, which, in turn, submits the figures to the Department of Statistics.

As the table shows, in the first half of the year, Denmark's total foreign exchange earnings amounted to 127.2 billion kroner and the total foreign exchange expenditures amounted to 145.2 billion kroner. This gives a deficit of 18 billion kroner, equivalent to an average monthly deficit of 3 billion kroner.

It should be noted, however, that the actual deficit in our trade in goods and services with foreign countries only amounted to 1.8 billion kroner in the first half of the year.

It is the deficit of the interest and grants balance of 16.1 billion kroner which causes the total foreign exchange deficit to become so big.

The net interest expenditure of 13.6 billion kroner is due to our large foreign debt, which, in turn, is caused by 23 years of constant balance of payments deficits. In other words, it is the sins of the past which now place such a heavy burden on our foreign exchange account.

The net expenditure of the grants balance of 2.5 billion kroner is almost entirely due to Danish aid to developing countries.

However, neither the interest payments nor our aid to developing countries have got anything to do with our competitiveness or our actual foreign trade. But, of course, the money will have to be paid nevertheless.

Equilibrium in our total balance of payments thus requires a large surplus in our actual trade with foreign countries.

Compared to the first half of last year, there has thus been a deterioration in all of the balance of payments items except for the item "Others," where the surplus has increased slightly.

The deficit on the trade balance has grown by 1.5 billion kroner. The surplus on shipping (sea freight balance) has declined by 1 billion kroner. The deficit on the travel and tourist balance has increased by well over 0.8 billion kroner, and the surplus on Denmark's balance of payments with the EC has declined by 0.5 billion kroner. Only the item "Others" has improved, viz. by the small amount of 0.2 billion kroner in relation to the first half of 1985.

While in the first 6 months of 1985 we had a surplus on the total trade and service balance of 1.8 billion kroner, we now have a deficit of a corresponding magnitude. The deterioration in this part of the balance of payments thus amounts to 3.6 billion kroner.

The net interest expenditures have, unfortunately, increased by 70 million kroner, despite the declining dollar rate of exchange and declining interest rates abroad, and the grants balance has deteriorated by 600 million kroner--still in relation to the first half of 1985.

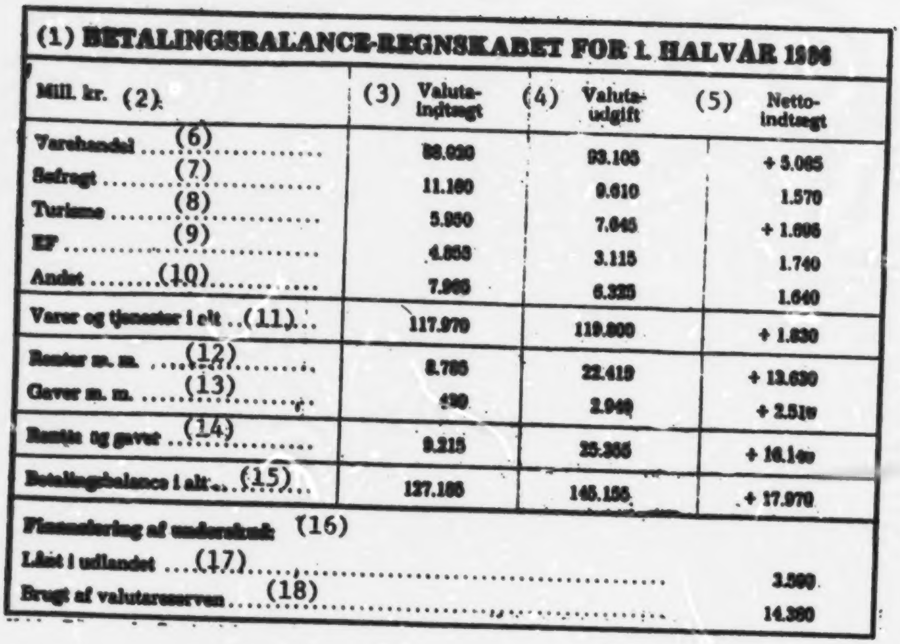
The total balance of payments has deteriorated by 4.3 billion kroner--from 13.7 billion kroner in the first half of 1985 to 18.0 billion kroner in the first half of 1986.

This deterioration is the result of a decline in the total foreign exchange earnings by 2 percent, while the total foreign exchange expenditures have increased by 1 percent.

Minor percentage fluctuations in incomes and expenditures, each in their own direction, thus mean an enormous change in the balance of payments account.

It is this very circumstance which provides hope for the future. Merely a rather minor reversal of growth percentages may improve the balance of payments by many billions of kroner.

The above-mentioned factors provide well-founded hopes of such a reversal in balance of payments, and it is thus still too early to abandon the government's objective of equilibrium between foreign exchange earnings and foreign exchange expenditures in the course of 1988.



(1) BETALINGSBALANCE-REGNSKABET FOR 1. HALVÅR 1986			
Mill. kr. (2)	(3) Valuta-indtægt	(4) Valuta-udgift	(5) Netto-indtægt
Varehandel (6)	88.020	93.105	+ 5.085
Søfragt (7)	11.180	9.610	1.570
Turisme (8)	5.950	7.045	+ 1.095
EF (9)	4.855	3.115	1.740
Andet (10)	7.965	6.325	1.640
Varer og tjenester i alt (11)	117.970	119.800	+ 1.830
Renter m. m. (12)	8.785	22.415	+ 13.630
Gaver m. m. (13)	430	2.940	+ 2.510
Renter og gaver (14)	9.215	25.355	+ 16.140
Betalingsbalance i alt (15)	127.185	145.155	+ 17.970
Finansiering af underskud: (16)			
Lånt i udlandet (17)			3.590
Brugt af valutareserven (18)			14.380

Source: Department of Statistics

Provided one can trust the figures published by the Department of Statistics, the above is Denmark's balance of payments account.

Key:

1. Balance of payments account for first half of 1986.
2. Million kroner
3. Foreign exchange earnings
4. Foreign exchange expenditures
5. Net earnings
6. Goods trade
7. Sea freight
8. Tourism
9. EC
10. Others
11. Goods and services total
12. Interest, etc.
13. Grants, etc.
14. Interest and grants
15. Total balance of payments
16. Financing of deficit
17. Loans abroad
18. Foreign exchange reserves used

Weak Exports Major Cause

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 86 Sect III p 4

[Article by Hugo Gården]

[Text] The government has had remarkable success in various economic areas but has, at the same time, had to recognize the fact that it will not be possible to meet the balance of payments goals. However, the government now appears to be stressing the importance of not allowing efforts to reduce the balance of payments deficit to check the growth and ruin the results achieved, such as the large increase in the rate of employment.

In certain areas, the government has had far greater success with its economic policy than it expected when it came into power in 1982. However, in one main area, things have gone in the opposite direction, viz. the area of the balance of payments.

Minister of Finance Palle Simonsen (Conservative Party) said when submittting the budget proposal for 1987 that the government has solved the task, as far as the general economic development is concerned.

And that is not entirely wrong:

1. A budget surplus has been achieved 4 years earlier than expected by the government.

2. The unemployment rate has been stepped down to a larger extent than previously assumed. Since 1982, the rate of employment has increased by 185,000 persons.

To this comes a sharp decline in the interest rate, and a real income improvement is likely after several years of real income setbacks. The debt of the state has leveled off, and measured in terms of a percentage of the gross national product, the GNP, it is now a question of a fairly large decline in the national debt. That will also lead to a decline in interest costs. There has been a zero-growth rate within the public sector, and that means that the upswing--both as far as the employment situation and the economy are concerned--has taken place within the private sector.

1988-Target Abandoned

However, for the first time, the government has now abandoned its hope of achieving its other important goal: achieving a balance of payments equilibrium in 1988. Palle Simonsen says it in the diplomatic way that "it will hardly be possible to achieve equilibrium in 1988," and that is due to an evaluation that this year's deficit will also become very large, probably around 28 billion kroner, like last year.

The government has previously said that it is possible to reduce the deficit by 11 billion kroner on an annual basis, but even if this optimistic view should hold true, there will still be a fairly large deficit at the end of 1988.

The balance of payments will still have first priority in the economic policy. But there are indications that the government is considering the balance of payments problem from a new angle.

Palle Simonsen thus now stresses that a reduction of the balance of payments deficit must not be allowed to take place at the cost of the economic development and employment. A couple of days ago, the minister of finance said that the balance of payments has first priority, "but there must be scope for growth and progress."

Choice of Growth

When submitting the budget proposal, he said that it would be easy to achieve equilibrium, but, if so, it would have an adverse effect on the employment situation and the economic development. "The government, however, has chosen to utilize the favorable economic development to ensure the marked increase in investments within the business sector and in the rate of employment," he said.

That explanation may appear to be somewhat far-fetched, for it might have been presented already several months ago if, at that point, the government had actually chosen to put the emphasis on growth and had thus postponed the date for achieving a balance of payments equilibrium. The Independent Advisory Council thus said in December of last year that the government ought to change its priorities now that the budget is improving at a far faster rate than expected. The Independent Advisory Council did not deem it to be of decisive importance whether a balance of payments equilibrium would be achieved in a certain year. The most important thing is that an improvement takes place, and that the foreign debt is being reduced. For it is the interest payments to foreign countries which cause the large deficit, this year of approximately 26 billion kroner.

But the government has wanted to adhere to its goal for psychological reasons, in order to maintain 'the inner discipline.'

Some Reasons

There are many reasons why the balance of payments developments have been worse than expected. Interest payments weigh heavily. The increased employment rate and the large investments within the business sector have caused a very high rate of import, and that has a negative effect on the balance of payments. To this comes an unexpected and long-term high rate of private consumption. The rate of export has been lower than expected by everybody in 1985. There is a decline in agricultural exports, and industrial exports have not recovered from the strike last year. The loss was equivalent to 2 percentage points of the increase in exports, and that loss has not been regained. That also means lost market shares. This circumstance is far more important than the high rate of growth within the domestic market, the industry says.

The most recent economic indicators of the Department of Statistics show that the industrial sector expects no changes in the rate of production in the third quarter, and that the volume of export orders was somewhat smaller than is normally the case at the end of June.

The Federation of Danish Industries expects an increase in the rate of exports next year by 5 percent, and that is more or less the same increase that is expected by the government. But whereas the government expects to recover some of the lost market shares, which became a fact last year, the Federation of Danish Industries is less optimistic.

Main Problem: Low Export Rate

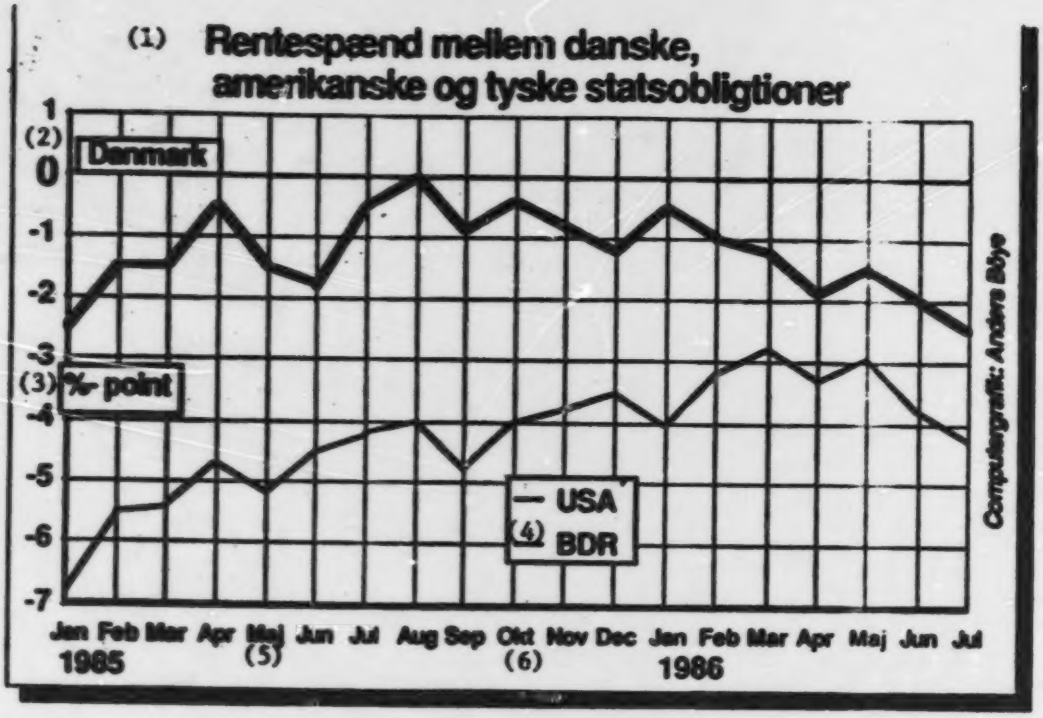
And we are now at the heart of the domestic economic problems. The unemployment rate and the various kinds of deficit have often been referred to as the major problems. But, in actual fact, they may rather be symptoms of more fundamental problems, viz. that the production sector is too small and the consumption sector too large.

According to Verner Puggaard, department chief, the Federation of Industries, the main problem is the insufficient growth rate within the industries competing abroad. The industrial sector, for example, is 30 percent smaller than that of Western European countries in general, and the public sector is larger than is generally the case in Western Europe. The structure is thus lopsided. There simply are too few people involved in earning foreign currency for the country and in settling the foreign debt.

The remarkable thing about the development during the last 4 years is the fact that nearly the entire increase in the employment rate has taken place within the private sector--both within the domestic market and within the export industries. A growth phase has thus been initiated. But it has not been completed, and as long as that phase is in progress, it will be difficult to settle the balance of payments deficit.

Within the business sector, there is obvious relief that the growth policy has been given a high priority--that growth will not merely have to be suppressed in order to achieve the balance of payments objective.

The question, therefore, is whether the government has become a prisoner of its two objectives. At any rate, it may now be ascertained that emphasis is also placed on employment and export--like some kind of objectives.



Key:

1. Interest differentials between Danish, American and German government bonds.
2. Denmark
3. Percentage point
4. Federal Republic of Germany
5. May
6. Oct

7262
CSO: 3613/187

SITUATION IN STATE HOLDINGS

Rome AVANTI! in Italian 10 Jan 86 pp 1, 15

[Article by Gaetano Mancini, vice president of EFIM: "Cannibalistic Operation Among PP.SS. Member Enterprises"]

[Text] The need to bring order into the PP.SS. [State Holdings], after years of squandering of funds and of easy access to appropriated funds, has imposed on the state agencies and corporate bodies a policy of greater austerity and, above all, one strongly anchored in the current industrial situation.

Against this background and in keeping with the stated need, several agencies have undertaken and are currently undertaking a streamlining and restructuring of the state holdings operating under their responsibility, with the aim of improving economic results, responding to major concerns regarding innovation, and opening the way to a more rational and enduring process of growth.

The EFIM, which has grown haphazardly on the basis of a welfare-state and pure and simple bailout approach, is now putting its house in order, using all its resources to bolster and restructure the four sectors that comprise the base of its global strategy (aeronautics, defense systems, transportation systems, and new materials).

These are four sectors replete with future promise, and that are high-technology-intensive, strategically important for the country, and closely linked to each other.

The decision--a sound one--finds the EFIM committed to the carrying out of a rigorous program aimed at transforming itself from a poly-sectorial group into an integrated group.

Therefore, it is a decision that, having after all been approved by the controlling Ministry and Parliament, should have found consensus and support, but that is instead being hindered in every way possible by political splinter forces operating under the control of well-defined power groups.

The stakes involved are understandable, as are also the motives that pit the private sector against public-sector industry, and in particular against the latter's strategic sectors. They are understandable even though it be agreed that these initiatives should be opposed and rechanneled towards a proper public-sector/private-sector relationship.

What is not understandable, however, is the free-for-all that has been unleashed among state agencies in the name of a so-called streamlining devoid of all industrial rationale, with the aim of dismembering certain important sectors of the EFIM in favor of another agency.

The need to maintain or acquire soundly-based and vital industries and to divest those that are bankrupt and futureless, so as to restore one's financial health, is a well-founded need and should be supported if it generates positive results for the PP.SS. system as a whole. If on the other hand, however, it generates benefits for one agency to the detriment of another, it must be forcefully rejected.

The phenomenon involved in the latter case is a cannibalism of the worst kind, of which neither the political forces, nor the Parliament, nor the Government can afford to become accomplices.

The statements of the minister of PP.SS., reiterated before the House's Parliamentary Committees and used as a basis for expediting the transfer of the EFIM's aeronautics sector to IRI-FINMECCANICA, and the provocative proposal to "indemnify" the EFIM by transferring to it ENI's metallurgical and mining enterprises (400 billion lire of annual losses), are certainly not based on a sound industrial logic; they reveal and exhibit an obstinate intent to institute a one-way rationalization of sorts, contrary and at best belated with respect to the EFIM's strategic plans, which, as pointed out above, have already been approved and by the very same Ministry.

If between the controlling Ministry and the EFIM there had been a relationship involving exchanges of views and of knowledge, as it may be assumed there is between the Ministry and the IRI, we are certain that the statements and proposal cited above would not have been made, and that account would have been taken of the outlays made by the EFIM to recapitalize the Agusta Group (320 billion lire during the years 1985 and 1986), and of the operational efforts deployed by the Company to revert, in the space of 3 years, from a position of losses totaling 180 billion lire to one of economic viability.

We are equally certain that, had there been a different dialectic, an operative distinction would, at the very least, have been drawn between a fixed wing and a rotating wing; and that, in any case, instead of expediting disjointed solutions, proposals would have been examined that were aimed at addressing the problem in the far broader terms of a comprehensive review of all industrial sectors of the PP.SS., or at least of their largest and most promising sector: Aerospace.

This did not happen, and an erroneous basic proposal could spawn only further blundering proposals.

What is beyond understanding is why, from the standpoint of wanting to compensate or indemnify, consideration was not given to EFIM's particular areas of specialization and its planning decisions, and why, based on these, it was not proposed, for example, that Selenia and Ansaldo be transferred to the EFIM, which is the absolute leader in defense systems and transportation systems.

Instead, it was preferred to suggest, in muted tones and by way of example, that ENI's mining and metallurgical activity be transferred to EFIM. We would not want this to be intended as part of the broader and unthinkable design, which is also being unconscionably discussed, and which would turn the EFIM into a nursing home for bankrupt and futureless enterprises, destined to produce solely the raw materials that other, public and private, enterprises would buy at prices necessarily lower than production costs, pegged at an international level, to process them and tack on the added value.

If some group is nurturing the idea of eventually realizing a thus concocted and totally irrational design, through a policy of small steps, of which the dismembering of Agusta from the EFIM, with relative "indemnity," is the starting wedge, to be followed by successive dismemberings and new "indemnities," it is incumbent on the Government to intervene in full collegiality to rechannel the discourse on state holdings toward its proper aims.

Traumatic solutions and self-serving restructurings do not generate positive results, but rather are always the cause of conflicts or, at best, confusions.

The system of state holdings is in genuine need of a deeper-delving discourse, and this discourse can only be conducted in a climate of serene and diligent evaluation of all the implications involved in the process of the country's industrial growth.

9399
CSO: 3528/180

ISCO PREDICTS SLOW ECONOMIC RECOVERY

Rome LA REPUBBLICA in Italian 17 Jul 86 p 27

[Article by Alessandra Carini; first paragraph is LA REPUBBLICA introduction; boxed insert follows after main body of article]

[Text] The ISCO [National Institute for the Study of Economic Conditions] report outlines the Italian economic situation and warns of autumn dangers. Inflation still lurks around the bend. "Economic policy must manage disinflation," says the Institute. "The risk lies in the possibility that an uncontrolled capacity for acquisition may develop and accelerate the rise of demand, resulting in higher prices and higher levels of imports."

Rome--We are not on the verge either of a recession or of a 1929-style catastrophe. But anyone who thinks that in the near future the economy will be returning to the growth rates that prevailed during the 1960's is at risk of being disillusioned. Economic recovery will be slow and will exhibit moderate tonings, not to the point, however, of reabsorbing unemployment in the industrialized countries or resolving the structural problems of the Third World. In this context, and beginning no later than around the end of this year, Italy must address the problems of its economy or face the risk that the rise in demand will in turn spawn inflationary pressures and throw its foreign accounts into disarray. This is the worrisome message being conveyed by ISCO's voluminous report on the Italian economic situation.

At the same time, the Institute issues a call to the Government bodies that regulate economic policy: "Managing a disinflation is no less difficult than managing an inflation; actually, the instruments used must be more flexible and finely tuned. Moreover, the fact cannot be underestimated that while inflation can, at its worst, benefit those few who are in a position to set their own prices, even though to the detriment of the many, disinflation can also favor some and penalize others." In sum, Italy has profited greatly from the oil glut, but it must now manage the steps that follow "if we are not to invalidate a one-time opportunity of which other economic systems have been able to take advantage."

The first problem, says ISCO, is that of the international context in which the economy finds itself having to operate. Although the process of adjustment to the new conditions created by the downward plunge of oil prices was rapid from the standpoint of disinflation, the same cannot be said as regards an economic rebound. The rebound has slowed and the effects of the changes in exchange rates "appear destined, in the near term, to depress rather than stimulate the recovery of trade volumes." The current situation of "moderated growth" will thus continue for some time yet, damping the optimism that has characterized the most recent economic analyses.

Italy thus finds itself having to operate in a more difficult context than could have been imagined at the outset. True, successes have been chalked up by the productive system, which has "conducted a drive toward rationalization." And the beneficial effects of the oil glut are still operative: The rapid improvement of our balance of payments, and the downturn of inflation, less rapid though it is. However, the economic system needs to expand production, and this "places precise constraints on the management of economic policy." The clouds are gathering, particularly over this year's autumn and over 1987. "The risk is, in fact, as has been seen, that the forming of inadequately controlled acquisitional capacity will lead to a speed-up of domestic demand, to which the market could respond, at least in part, in terms of higher prices and rising levels of imports."

The risk, says ISCO, "is anything but remote," given that already as of now, the abatement of inflation is being slowed by the very fact that industries are taking advantage of a fast-rising domestic demand to keep their prices relatively high. "Economic policy must therefore be applied diligently to correct, in timely fashion, for eventual departures from policy lines aimed at stabilization, and to avoid the return in force of the foreign constraint." In fact, says the Institute's report, by the end of next year at the latest, the effect of the reduced cost of imports will have run its course. This will have a slowing effect on the inflationary downturn. Should domestic demand--fueled by public spending and/or by the increase in family incomes--rise too high, the problem of inflation could return for another bite out of the economy.

In sum, the drop in oil prices has provided "a priceless temporary respite" in which to operate free of the stricture of structural constraints. "A not insignificant portion of this breather has already been used up and the time is not distant when many fresh starts will have lost their momentum." It will then be important, the Institute concludes, to return to managing our economic policy, and "to be on the alert lest natural changes in certain trends come to be accepted undiscriminatingly."

[Boxed insert]: Prices Not Dropping, Fault Is Industry's

Rome (M. R.)--If inflation is not diminishing with due speed, it is owing to the policies being pursued by broad sectors of Italian industry which, in the face of a particularly active domestic demand, are preferring to raise prices rather than increase their production. This is the surprising

Two Years of Growth at 3 Percent

	1986	1987
Tasso di sviluppo (1)	3,0%	3,3%
Importazioni (2)	9,0%	9,5%
Esportazioni (3)	5.0%	5.5%
Bil. Pagamenti (4)	+9.500	+5.000
Inflazione (5)	5,8	4,5
Investimenti (6)	4,7	5,0
Costruzioni (7)	1,0	1,5
Attrezzature (8)	8,0	8,0

Key:

1. Growth rate.
2. Imports.
3. Exports.
4. Balance of payments.
5. Inflation.
6. Investments.
7. Construction.
8. Equipment.

Inflation Gap Between Italy and Other Countries

	USA	JAP	(1) R.F.	FRAN.	G.B.
1981	7,5	12,9	11,5	4,7	5,9
1982	10,3	13,7	11,2	4,6	7,9
1983	11,4	12,8	11,3	5,1	10,0
1984	6,5	8,6	8,4	3,2	5,9
1985	5,6	7,2	7,0	3,4	3,1
1986 1° trim. (2)	4,7	6,4	7,1	4,3	2,9
2° trim. (2)	5,1	5,7	6,8	4,2	3,7

Key:

1. Federal Republic of Germany.
2. Quarter.

conclusion arrived at by ISCO in its most recent report. A few, but significant observations suffice to clearly demonstrate the phenomenon.

When we hear of a downward trend in wholesale prices, we immediately tend to consider the phenomenon an act of good will on the part of the business firms, in which the latter opt for transferring lower production costs into a lowering of their prices. In reality, however, wholesale prices are not solely those of manufactured goods but include also the prices of raw materials and of oil. Actually, only the latter two have flexed. During the first 4 months of the year, the drop in terms of the trend line of raw-material prices amounted to 11 percent, while that of crude oil prices was 38 percent. Despite these hefty drops, the prices of manufactured goods showed an overall rise, still in terms of the trend line (that is, with respect to last year), of 4.8 percent, if the by-products of oil and coal are excluded.

But if productive inputs are costing less and less, why have the business firms raised their prices? Has a strong upward pressure materialized perhaps tending to push up labor costs? ISCO responds "No." The wage dynamic has shown less of a tendency to rise than last year. A more plausible explanation, instead, particularly as regards the traditional industries, is that of an upward thrust stemming from demand, in the face of which the business firms are playing the price-rise card, partly because, in the wake of widespread internal restructurings they are for the moment unable to upgrade their product lines, and partly because, instead of increasing their production, they prefer to raise their profit margins. This can only hinder the abatement of inflation and stimulate imports. The sharpest rise in wholesale prices of manufactured goods during the first 4 months of the year took place in the footwear industry (+4.4 percent), followed by that in the mechanical industries (3.3 percent).

There is plenty of room for a more decided lowering of prices on the consumer side as well, where, without even counting the costs of services, "far from negligible price rises" are being posted. Thus, during the first 5 months of this year, consumer prices in Italy have risen 2.6 percent as compared with the French +0.6 percent, the British +1.9 percent, and the German -0.9 percent.

9399
CSO: 3528/180

ECONOMIC NETHERLANDS

EXPORT CREDIT LOSSES DOWN

The Hague ANP NEWS BULLETIN in English 23 Aug 86 p 3

[Text] Amsterdam, 22 Aug--The Dutch state cut its losses on export credit gaurantee business in the first half of this year, figures released by the Netherlands Credit Insurance Company (NCM) showed today.

NCM insures Dutch companies against the risk of non-payment by their customers at home and abroad. Political risks associated with export orders are reinsured with the Dutch state.

NCM insured transactions worth 31.1 billion guilders in the first half of 1986 against 30.4 billion in the same 1985 period.

The value of export transactions insured dropped to 10.7 billion guilders from 10.9 billion a year earlier as a result of the decline in cash terms of Dutch exports.

The Dutch state received 76 million guilders in premium revenue in the first half of this year but had to pay out 193 million guilders in indemnification to policy-holders.

Debts

In addition to premium revenue the state recovered 100 million guilders in debts which reduced the overall loss for the six months to 17 million guilders.

In the first half of 1985 state premium revenue totalled 59 million guilders, indemnifications 390 million, debt recoveries 87 million and the overall loss 244 million guilders.

NCM itself made a modest 7.1 million guilder profit on its own domestic and foreign credit insurance business in the first half of this year.

NCM is a private company whose shares are held by Dutch banks, insurance companies and finance companies.

/9274
CSO: 3600/35

ECONOMY NETHERLANDS

EFFORTS FOR SHORTER WORK WEEK CONTINUE

The Hague ANP NEWS BULLETIN in English 15 Aug 86 pp 3-4

[Text] Amsterdam, 14 Aug--The idea of cutting the working week as a means of tackling mass unemployment has been largely abandoned in Europe. But Dutch left-wing opposition parties are set to revive it with a campaign to reduce the accepted norm to 36 hours a week from 38 hours now and 40 in 1984.

Official figures put Dutch unemployment in July at 713,300--down from 763,400 a year ago but still almost 12 percent of the working population.

When next year's budget is presented to parliament on 16 September, the opposition parties will re-open the long-running debate on a shorter working week, said a spokesman for the Labour Party, the biggest opposition group.

Labour's programme for the general election in May called for a working week of 32 hours by 1990, but a spokesman for the party said they had adopted 36 hours as a more relaistic target given resistance from industry to further reductions.

Prime Minister Ruud Lubbers' Christian Democratic party and its right-wing Liberal coalition partners also see reducing the working week as a laudable objective.

But Lubbers, outlining the policies of his new government last month, focused on the need to keep labour costs down to increase business competitiveness.

Bank's Warning

Under Lubbers' first cabinet in 1982-86, the Dutch economy picked up enough to begin reducing employment, but the recovery was fragile. A reports from a leading Dutch bank said recently that much of the improvement was due to factors that could not be rlied upon to continue including wage moderation.

Dutch wage bargaining over the past four years has been dominated by trade-offs between pay and hours. Whole sections of workers accepted a wage freeze, and sometimes cuts, in exchange for shorter hours and earlier retirement.

Although unemployment remains unacceptable high, the unions can no longer rely on the willingness of members to make cash sacrifices to save jobs.

Labour leader Wim Kok, former chairman of the leading trade union federation FNV, understands the dilemma and is fighting in Parliament for government action to back the federation in a campaign for a shorter working week accompanied by small pay increases.

The FNV maintains a target of 32 hours for the working week, but the employers' organisation VNO is resisting further cuts, saying it would weaken Dutch industry in the face of its foreign competitors.

Employers' Answer

Its answer to unemployment is better training, early retirement, part-time jobs for young people and a lower minimum wage.

Leading employers are adamant that they have gone far enough and that Labour and the trade unions might have a battle on their hands.

At Philips, Europe's biggest electronics firm employing 71,000 people in the Netherlands, a spokesman said cuts in labour time in 1985 were having negative effects.

'In the long run the number of jobs could fall because cutting hours adversely affects the level of activity and competitive edge,' he said.

An official at food and household goods conglomerate Unilever, employing about 10,000 people in the Netherlands, said the shorter working week had damaged efficiency.

A spokesman for chemicals concern Akzo, with 23,500 staff in the Netherlands, said short time working had gone far enough. 'The average week is down to 38 hours and that's it,' he said.

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CSO: 3600/34

STATISTICS OFFICE REPORTS WEAKENING IN 'MAINLAND' ECONOMY

Oslo AFTENPOSTEN in Norwegian 13 Aug 86 p 33

[Article by Cecilie Norland: "Situation Disturbing for Mainland Norway"]

[Text] Mainland Norway's foreign deficit is increasing dramatically and amounted to 44.4 billion kroner for the first 7 months of this year. Thus the foreign trade balance has deteriorated by 62 percent compared to the same period in 1985, according to preliminary figures from the Central Bureau of Statistics. Even if oil and gas exports are included, there is a deficit of 12.04 billion kroner for the period from January through July.

This July the deficit was 2.3 billion kroner. Product imports last month amounted to 12 billion kroner while exports totaled 9.7 billion kroner. This means that imports are 23 percent higher and exports 24 percent lower than they were last July.

Including oil and gas exports, Norway exported goods worth 72.3 billion kroner in the first 7 months of this year. At the same time we imported goods worth 84.4 billion, giving a deficit of 12.04 billion kroner. In the same period last year we had a surplus of 22.4 billion kroner. The figures do not include the value of ships and oil platforms.

The value of Norwegian oil and gas exports has also declined due to the drop in oil prices. From January through July of this year we exported oil and gas worth 32.3 billion kroner, a decline in value of 35 percent compared to the same period in 1985.

Worse Than Expected

"The decline in mainland Norway's exports in the past year has been sharper than we expected just a year ago. We will combat this drastic situation with various measures that will be presented in the Storting report on foreign trade that will be ready at the end of the summer," said Trade Ministry Undersecretary Karin Stoltenberg. She explained the deterioration by saying that Norway's competitiveness has become increasingly weaker.

Mainland Norway has had a deficit for several years, but in the past this deficit was offset by our large oil revenues. The decline in oil prices has exposed a situation that we could live with if necessary when oil prices were around $30 a barrel, according to Stoltenberg.

"Competitiveness has weakened more than we expected. This is partly due to price increases, but I also think we must face the fact that both the authorities and the business sector have relaxed a little under the shelter provided by the oil revenues," Stoltenberg said.

She could not say which concrete measures the Storting report will contain, but said that the main emphasis will be placed on strengthening existing measures to promote Norwegian exports. "The authorities will emphasize supporting the business sector's own measures, but we cannot expect the competitiveness of the Norwegian private sector to improve overnight," Stoltenberg stressed.

6578
CSO: 3639/148

ENERGY MINISTER OIEN ON IMPACT OF LOWER OIL EXPORT EARNINGS

Oslo AFTENPOSTEN in Norwegian 18 Aug 86 p 2

[Op Ed Article by Oil and Energy Minister Arne Oien: "Misfortunes Seldom Come Singly"]

[Text] In 1985 private consumption rose by 8.2 percent, in other words private consumption increase around 10 billion kroner more than planned. The strong growth in consumption last year came as something of a surprise to most people. However it was a result of nonsocialist policy. The comprehensive "savings-stimulating measures" with tax benefits obviously did not work. When this became clear the nonsocialist government did not put the brakes on but left things alone until after the election and through the winter of 1986. In hindsight it can be seen that this development did considerable damage to our economy. This is especially true of the pressure effect on the economy which has speeded up price and cost increases.

Dragging Their Feet

Misfortunes seldom come singly. The state's oil and gas revenues could under certain circumstances decline from 51 billion kroner in 1985 to only 8 billion in 1987. The reason is the sharp drop in oil prices. While last fall we had a price of over $30 a barrel, we saw prices of less than $10 a barrel this summer. In 1973-74 and in 1979-80 oil prices shot up and created optimism and a desire to invest in the continental shelf. Today the situation is the opposite. Oil companies are dragging their feet. Even though they work with a long-range time perspective, many have already cut down on their exploration and drilling activities.

This raises several questions. What consequences will the uncontrolled growth of consumption in 1985 and the dramatic decline in revenue have on our national economy? How will oil prices develop in the future? Which strategy should the government use in the situation we find ourselves in now?

Unthinkable

The decline in oil prices has led to demands that we tighten our belts. Many point to the necessity of cutting down on public spending so that we can better adjust to lower revenues. However cutting public spending to match the drop in revenue would be an unthinkable and unrealistic policy. If we cut public spending to that extent it would have a drastic effect on the health sector and the schools.

The challenge is to implement the necessary austerity measures without jeopardizing employment. We must check consumption growth without harming the tasks with the highest priority. This indicates that it is especially private consumption that needs to be curtailed.

Unemployment

Experiences from other industrial countries show that austerity policies that are too stringent create mass unemployment. They also show that those who have been out of work for a long period of time have a hard time entering the job market again. Thus highly restrictive policies lasting for several years can remove large groups of people from the labor market on a permanent basis and impose serious social costs on the country.

The need for austerity measures is often justified on the basis of the balance of payments and competitiveness. I want to warn people strongly against putting too much emphasis on short-sighted development trends in this context. The growth in current consumption should at all times be adjusted to anticipated future revenues. If we believe that oil prices will be higher in the future it is not necessary to offset current loss of revenue entirely by reducing expenditures today. If we then borrow money abroad for a few years we will scarcely weaken our freedom of action significantly.

Oil Prices Up?

How much faith should we have that oil prices will rise? Haven't oil prices fluctuated so much that they could just as well continue to go the wrong way? It is impossible to say with certainty what the oil market will look like in the years ahead. And the uncertainty applies in particular to the next few years. But the lower oil prices are in this period, the greater the likelihood that oil prices will rise sharply in the 1990's. As far as I can see today, only a combination of special and fairly extreme negative factors could lead to low prices continuing all the way to the year 2000. An early improvement is also possible. Another accident like the one at Chernobyl or an expanded military conflict in the Middle East could jolt prices again. Under such circumstances prices would reach heights that seem unrealistic today. Such events are not desirable, of course, but they can happen and at the same time they are impossible to predict.

Therefore there is reason for cautious and conditional optimism with regard to future price developments. With high oil prices a payments balance could be restored rapidly and there is much to suggest that the unrealized assets on the continental shelf will produce contributions to revenue in the future. However optimism should be restrained so that we do not put all our eggs in the same basket. We must not put ourselves in a position that makes it impossible for the nation to restore its economy if expectations and price forecasts prove to be incorrect.

Stimulation

Therefore the policy we pursue must be aimed at stimulating land-based businesses subject to competition that are not dependent on oil. At the same time the authorities should base things on the assumption that the oil industry will probably be profitable in the future. In this context the state must be able to assume a considerable economic risk. Here too, however, it is a question of how many eggs we dare to put in one basket.

To sum up, surely the conclusion should be as follows: Low oil revenues today are not a sufficient argument for corresponding cuts on the spending side.

We must continue to pursue a policy aimed at avoiding mass unemployment. Some cuts will have to be made in any case due to price and cost pressures on the economy. These should apply primarily to private consumption so that resources can be used where they are needed and where they can give the highest return in the future. With a majority supporting such a policy, the future will look brighter than the present oil prices might suggest.

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CSO: 3639/147

BRIEFS

DEBT RENEGOTIATION AGREEMENT--The Council of Ministers meeting today approved the text of an agreement to be entered into immediately with the Government of the People's Republic of Mozambique with a view to a renegotiation of that country's external debt to Portugal, an agreement which would make it possible to settle, once and for all, an issue that has been lingering for several years. [Text] [Lisbon International Service in Portuguese 1800 GMT 28 Aug 86 LD] /8309

CSO: 3542/151

MORE PRICE HIKES, RISING INFLATION PREDICTED

Istanbul CUMHURIYET in Turkish 26 Jun 86 pp 1, 13

[Editorial by Hasan Cemal: "Economic Notes"]

[Text] Generally, toward the middle of every year, "labor pains" grip the economy. The figures for the year's first half slowly rise to the surface and the plans for the second 6 months are begun.

Work commences with the budget. Investments are reviewed. Revenue and spending increases are compared. Whether to cut spending is debated. Next comes foreign debt and foreign exchange reserves. Problems, if any, are taken up one by one, and recommendations follow one after another.

This year, developments during the first 6 months were the topic of three "economic summit" meetings taking place back-to-back during the past month. The information flowing from these meetings, chaired by Prime Minister Ozal, was open to different interpretations. We think therefore, that economic directives from the prime minister, who holds the reins of the economy, to relevant units will also cast light on certain political accountings in the near future.

According to official sources, investments increased 100 percent over last year during the first 6 months. Consolidated budget investments during the first 4 months totaled 426 billion [liras].

While budget revenues showed an increase of 71 percent, expenses grew even more. A budget deficit of 184 billion for the first 4 months and 200 billion for the 6 month period is anticipated.

A $1 billion payment on the foreign debt due in July is depleting bank resources. Import transfers have begun to back up. A new plan governing importation as a means to remedy scarce foreign reserves is expected.

Investments and imports are two important elements of this economic scenario on which Prime Minister Ozal is conspicuously inactive. He is not anxious to impose restrictions on investments deemed imperative according to technicians. To the contrary, he has begun searching for new resources for certain investments. As for restricting imports, does not want to give the impression that he is departing from his "liberal" stance.

The status of the basic economic indicators according to a note prepared by our Economic Service is as follows, with their paragraph headings:

Gross National Product Growth Rate: First estimate in August; expected to be over 5 percent.

Unemployment: There is no indicator giving the nationwide unemployment rate in Turkey. However, unemployment figures compiled by the Labor and Employment Council continues to grow. Exceeded 1 million for the first time last April.

Inflation: According to the wholesale goods price index, rise was 27-28 percent increase during past 12 months (May 1985-May 1986). More directly affecting the consumer, retail or consumer price indexes showed a 12-month increase of 36-38 percent.

Monetary Indicators: Of the monetary indicators hypothetically having a delayed effect on inflation, the printing of new currency and bank credits rose quite rapidly compared to last year. Rapid expansion in the monetary indicators seems of a nature to cause a rise in inflation after a given period of time (say 4-6 months).

Foreign Trade: In the first 3 months of this year, exports increased around 5.5 percent and imports around 15.5 percent with the foreign trade deficit increasing 43 percent.

Balance of Payments: There was a definite slowdown in worker remittances and tourist revenues during the first 3 months. In contrast, interest payments and tourism expenses increased. As a result, the current account deficit, the most important measure of the foreign performance of the economy, showed an increase of 206 percent in the first 3 months of this year as compared to the same period last year, rising from $227 million (1985) to $694 million.

Balance of Foreign Reserves: A slowdown in imports, and thus in the exit of foreign exchange, and an increase in the entry of foreign exchange during the second half of the year is expected. The Treasury and Merkez Bank is strengthening its position with new foreign loans, meanwhile, and says it is preparing for the foreign loan installment at the end of June or the beginning of July.

A decrease in payments for oil in the second part of the year will also improve the situation, say officials.

Warming Trend in Economy: It is not generally believed that inflation will drop and emerge at around 25 percent. Also, deposit interest is falling. There is a noticeable increase in the demand for real estate and durable goods. Buyers must wait to purchase cars, and sales of appliances are satisfactory. If the balance of supply and demand is this distorted, it seems unavoidable that it would force the private sector into new price hikes and push inflation up.

Thus is the picture drawn by the dry figures.

Without question, the ongoing fundamental problems are economic hardship, high cost of living and unemployment. It seems, with these figures, that a solution to these problems in the economy is quite far away.

Another factor to be considered concerns the opposition parties. It has been noted that, for a long time, Prime Minister Ozal and his government have proceeded on their economic course with virtual silence from the opposition.

When the Social Democratic Populist Party, as the main opposition will begin to fill that void is still a question mark.

13198/12851
CSO: 3554/108

LAND SALES HALTED, PRELIMINARY TO DISTRIBUTION

Istanbul TERCUMAN in Turkish 26 Jun 86 p 9

[Article by Mevlut Isik: "Land Sales Halted in Harran"]

[text] Ankara (TERCUMAN)--Preparations have begun for land distribution in Sanliurfa, which has been proclaimed as a land reform region. "Land request forms" printed by the Land and Agricultural Reform General Directorate are being sent to the region. Meanwhile, all types of land transactions in the Harran Plain and Sanliurfa have been halted.

A notice sent by the same office to the governors of the region reminded them that the region had been declared a "Reform Region".

After the preparations are completed, farmers wishing to become land owners will be asked to apply at the regional directorates. The applications of landless farmers applying to the designated offices within 60 days of the announcement date will undergo immediate evaluation. Announcements, to be made by the usual methods, will be posted in the local civic offices and regional directorate buildings for 60 days.

Distribution in Harran

Officials said that the distribution of land in the Harran Plain will not begin until after 1992 and exercising the powers given them under the law, announcced that all types of land transactions were being halted to prevent one person from buying up all the land.

According to officials, 200 donums [1 donum = 940 m^2] of dry land or 60 donums of arid land will be distributed to farmers in the region who own little or no land. In addition, the state will provide all types of assistance in credit and in kind to those farmers receiving land. Those wishing to take advantage of the land distribution in Harran should make their application within the 60 day period.

Who Is Ineligible

Anyone convicted of the crimes of discrimination against and openly provoking hatred or hostility toward anyone on account of class, race, religion, creed or regional differences will not be able to receive land. Also, anyone tried and convicted of subversion or separatism will be ineligible for land distribution.

If any of those receiving land are later tried and convicted on charges of any of the crimes described above, the land they were given will be repossessed.

13198/12851
CSO: 3554/108

STATE RAILWAYS READY FACTORIES FOR PUBLIC SALE

Istanbul CUMHURIYET in Turkish 26 Jun 86 pp 1, 13

[Text] Ankara (CUMHURIYET BUREAU)--The State Railway [DDY] has begun quiet preparation for privatization. The facilities in Eskisehir, Adapazari and Sivas have been converted to corporations, laying the legal groundwork for the public sale of stock at the moment desired.

The status of these facilities first appeared on the agenda of the Supreme Coordination Council for Economic Affairs last year at the 2 November 1985 meeting. It was decided in principle that the State Railways railroad car locomotive and machinery factories would be sold to the private sector. The Council of Ministers, as authorized under Statutory Decree No 233, converted the Adapazari, Eskisehir and Sivas factories to corporations in March 1986.

As a result, the Eskisehir factory was reorganized as the Turkish Locomotive Industry (TULOMSAS), the one in Adapazari as the Turkish Railroad Car Industry (TUVASAS) and the Sivas facility as the Turkish Railways Machinery Industry (TUDEMSAS). The Machine and Chemical Industry, the Steel and Iron Works, and the Main Steel and Ship Industry became partners with small shares of all three corporations. All corporation stocks remain in state hands.

This operation took place in early June, in anticipation of completion of the second phase, the sale of stock to the private sector.

Important elements which may create "drawbacks" in the privatization of State Railways factories are listed as follows:

1. Price factor: The three factories produce locomotives, cars and railway machinery at low cost to the DDY. They also provide maintenance services. With the factories owned by private corporations, price increases are feared.

2. Assessment: In partnerships between the state and the private sector, an accurate assessment of the value of the facilities is desired. It is pointed out, for example, that the 400 housing units at the Sivas TUDEMSAS factory have been valued as capital in kind at a total of 750 million liras.

3. Employment: It is feared that, during privatization, jobs may be lost at the facilities, which employ an average of 3,000-4,000 workers.

Romanian capital is reportedly seeking stock in the Eskisehir facility where privatization will begin in the next few months. The name of Sakip Sabanci has been noted among possible investors in the factory in Sivas.

13198/12851
CSO: 3554/108

MBB, AEROSPATIALE ANS ANTISHIP MISSILE PROJECT OUTLINED

Munich-Ottobrunn MBB INTERNATIONAL in German Jun 86 p 3

[Article: "ANS: Next Generation of Antiship Missiles"; first paragraph is MBB INTERNATIONAL introduction]

[Text] Ottobrunn--Modern warships will have very efficient sensors and defense systems in the next decade for use against the antiship missiles of today. At the beginning of the 1980's, Aerospatiale and MBB started joint development of the next generation of their existing Exocet and Kormoran antiship missiles, with self-financing and with participation of the FRG and French governments.

The ANS weapons system achieves enhanced capability to penetrate hostile defenses both by supersonic flight at sea level and by evasive maneuvers with high transverse acceleration during the final phase of flight. In addition, it is possible to saturate hostile defenses with coordinated salvos. The active radar target acquisition warhead is remarkable for its high resistance to interference. The warhead is designed for penetration of the heaviest target vessels with a very acute angle of attack. The system is capable of all weather operation and is completely autonomous after firing (fire and forget). The range depends on the selected flight profile.

The weapons system includes ship/ship, ground/ship, and air/ship versions, both from aircraft and helicopters. The missile versions are distinguished solely by the side-mounted booster rockets. The missile is fired from onboard strategic firing units which are grouped so that each unit contains several missiles. Because of its modular construction and its decentralized, freely programmable computers, the system has high operational flexibility and low risk potential in terms of growth.

The current definition phase runs up to 1986 and includes the testing of all critical components to be developed. The subsequent development and test phase should be concluded by the end of the 1980's so that series production can start at the beginning of the 1990's.

MBB is developing the air-breathing, solid-fuel, ramjet propulsion unit for the missile as well as the warhead. The technology of the solid-fule, ramjet propulsion unit was flight tested for the first time in 1981 in an experimental program. The efficiency of the warhead has been documented through comprehensive tests both on the high speed sled at the CEL (Centre d'Essai des Landes [Landes Test Center]) near Biscarosse, France, and in the BWB [Federal Office for Defense Technology and Acquisition] test center in Meppen.

8617/6662
CSO: 3528/M196

MBB, AEROSPATIALE BEGIN DEVELOPMENT OF COMBAT HELICOPTER

Munich-Ottobrunn MBB INTERNATIONAL in German Jun 86 pp 1, 4

[Article: "HAP/PAH-2/HAC 3G: The German-French Combat Helicopter Program;" first paragraph is MBB INTERNATIONAL introduction]

[Text] Ottobrunn--The planning and specifications contract for the German-French combat helicopter program was signed on 21 December 1984. The program was launched in May 1984 with the signing of a corresponding govermental agreement for the development phase.

For Germany 212 second generation anti-tank helicopters (PAH-2) will be developed, while for France 75 defense and support helicopters (HAP) as well as 140 anti-tank helicopters with a third generation anti-tank system (HAC 3G) will be developed from a common basic helicopter.

The primary contractor for this demanding bilateral cooperation program, which employs technology of the year 2000, is Eurocopter GmbH in Munich. The company was founded in mid-1985 as an offspring of Eurocopter GIE in Paris, a joint MBB-Aerospatiale company which was established in 1984 for cooperation in the helicopter sector.

The development work, which consists of the development of the basic helicopter and the integration of three national mission equipment package, will be entrusted to MBB and Aerospatiale by Eurocopter. The division of the work respects a quantitative and qualitative balance between the FRG and France. Also, the manufacturing responsibility and risk will be equally distributed between MBB and Aerospatiale. The executive authority is the BWB (Federal Office for Defense Technology and Acquisition) since it is specified in the governmental agreement that the FRG is acting as the so-called pilot nation.

The most advanced technology will be used for this helicopter program. Fiber compound materials will be combined with aluminum alloys for the frame configuration. Backup systems are provided for hydraulics, electrical and fuel systems, autopilot, and so on. For the installation of the two MTM 385-R engines a very efficient IR [infrared] suppressor is under consideration. The system architecture is laid out on the basis of a dual digital data bus. Information is displayed in the cockpit on electronic multipurpose CRT's, two symbol generators, and central control units.

The main rotor uses a fiber elastomer construction, an MBB development which already has demonstrated concept feasibility in bench tests. Compact and strong, it permits installation of a pole-mounted gun sight, and is distinguished by the small number of parts and easy maintenance design. The Pheriflex tail rotor with fiber compound blades is an Aerospatiale development which focuses particularly on the problem of resistance to gunfire.

The basic helicopter has a staggered tandem cockpit and may be piloted either from the front or back seat. It has a planned takeoff weight of 5,400 kg. The structural design criteria for the frame and undercarriage for this helicopter must take into account safety, crash behavior, and resistance to gunfire, not to mention aspects such as ease of repair, weight, and cost.

With this combat helicopter both the German and French armed forces will have at their disposal a weapons system with the necessary technology to face efficiently prospective threats well beyond the year 2000. The level of technology being developed in this program also means a unique step forward for the participating industries.

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MILITARY NORWAY

SYMPOSIUM ON NORTHERN FLANK AIRS NUCLEAR, REINFORCEMENT ISSUES

Nuclear Weapons Policy Reviewed

Oslo AFTENPOSTEN in Norwegian 12 Aug 86 p 16

[Article by Olav Trygge Storvik: "Nuclear Weapons Storage Sites Approved"]

[Text] "Although there were internal doubts and discussions, in 1959 the Norwegian government approved the construction of special mountain facilities for the storage of nuclear weapons. The NATO infrastructure budget provided the money for building the storage sites. Norway had previously acquired rockets like the Honest John and the Nike that are capable of firing nuclear warheads."

Rolf Tamnes, a researcher at the Defense History Research Center, presented this information yesterday at a symposium on NATO's northern flank that was arranged by the research center. The symposium was attended by prominent researchers from the entire Nordic region as well as the United States, Great Britain and West Germany.

Tamnes said that as far as he knew things never reached the point where nuclear weapons were actually stored in Norway. The two rockets in question have a so-called "dual capability," which means they can be equipped with both conventional and nuclear warheads. The Honest John rocket has been phased out of Norwegian defense, but army divisions in North Norway practiced firing the rocket, equipped with powerful conventional warheads, in the 1950's.

The speech Tamnes made at the symposium was a broad historical presentation of Norwegian policy in relation to NATO from the very beginning and was entitled "Integration and Protection." Tamnes had consulted reports from government conferences at that time, among other things, and was thus able to present new information.

Tamnes said that one aspect that is still unclear is whether the government really intended to build storage facilities for nuclear weapons acquired in a given situation or whether it simply used the nuclear weapons argument to get NATO budget funds. The storage sites could be constructed for regular ammunition that is still in use today.

There is little doubt that for a period in the 1950's practical preparations were made for the use of nuclear weapons in Norway. According to Tamnes individual training in the use of nuclear weapons was begun in 1955 and at the same time simulated nuclear attacks were carried out in military exercises in both Denmark and Norway. This occurred in such exercises as "Strike Back" in 1957 and "Sword Thrust" 3 years later. Plans were also made for passive defense measures such as the evacuation of the civilian population and the dispersal of defense facilities.

According to Tamnes the sources also show that although the Norwegian government agreed after 1955 to a number of measures that could simplify the use of nuclear weapons in Norway, it always tried to retain maximum freedom of action. But starting in 1957 the contours of Norwegian nuclear policy began to take shape. Although in principle the idea of supplying Norwegian forces with tactical nuclear weapons was left open, the Russians were told at the same time that this was highly unlikely. Tamnes referred here to Gerhardsen's speech to the NATO council in Paris in 1957. Around 1960-61 the nuclear arms question was settled for good. While before that time measures had been implemented that made the use of nuclear weapons likely, developments after that time went in the opposite direction.

Both researchers specializing in NATO's northern flank and central government officials who personally contributed to the shaping of security policy are taking part in the debate and it is expected that the research center's symposium will contribute to an increased understanding of developments.

In an introductory speech to the symposium at the Akershus fortress on Sunday evening Defense Minister Johan Jorgen Holst gave a broad survey of the official Norwegian position on security policy problems in the north. The defense minister's speech was thought-provoking when viewed in connection with earlier statements. It created something of a stir among conference participants that two East European cabin cruisers, one Soviet and one Polish, both well-supplied with antennas, drew alongside the Akershus quay at around the same time as the defense minister started his speech.

Soviet Naval Threat Increasing

Oslo AFTENPOSTEN in Norwegian 13 Aug 86 p 16

[Article by Olav Trygge Storvik: "British Retain Amphibious Craft"]

[Text] Great Britain will keep its amphibious craft, which means that the British marine force (Royal Marines) can be brought directly to North Norway, landing exactly where they want to.

Jonathan Alford, deputy director of the Institute for Strategic Studies in London, made this disclosure yesterday at the symposium the Defense History Research Center arranged in Asker. There has been considerable debate in British defense circles about whether amphibious craft can be retained in view of the difficult economic situation and cuts in the defense budget. The amphibious craft are old and in great need of modernization. According to Alford the decision to keep the vessels until near the end of the century has already been made. Alford said his remarks were based on information received from a central source.

Not only will the amphibious craft be modernized, the Britih Defense Ministry is also planning to purchase maritime helicopters and landing craft. All in all this will make it possible for British defense planners to implement amphibious operations on the northern flank and especially in North Norway, where the need for the efforts of military forces is greatest. From the Norwegian point of view in particular it is very important that the British Royal Marines will continue to retain their amphibious capacity. This makes the force a unique and flexible military instrument in the defense of North Norway, where there are few lines of access. Without the vessels this force would have to be shipped to Norway on civilian passenger ferries, making it necessary for the force to come ashore in one of a limited number of harbors.

Dramatic Change

Both Alford and the former chief of NATO's Northern Command, Sir Anthony Farrar-Hockley, stated quite clearly that from Great Britain's point of view the threat has changed dramatically in a relatively short space of time. The change is due primarily to military technology developments, with the expansion of a Soviet fleet that is capable of carrying out quite extended operations in the Norwegian Sea. This has led British defense planners to turn their eyes northward to an increasing extent and accept the consequences for the orientation of British defense planning. The continued emphasis on a more effective amphibious force must be seen in this perspective.

Traditions

However General Farrar-Hockley did not conceal the fact that traditions and the special interests of the service branches often stand in the way of a reorientation of resources. For example the British Navy feels that the Royal Navy can best be utilized as part of the SACLANT forces, e.g. the American Supreme Atlantic Command forces. It is hard to oppose that kind of thinking and at any rate it has prevented joint operations by British and Norwegian naval forces.

The British Army is an elite-oriented corps, built up primarily around tank divisions with interests linked to the level ground of central Europe. It is doubtful whether British security interests are best served by an armored Rhine army when the threat to Sjaelland and Jutland is mounting. If the air defense belt in this part of the NATO area should break down or be taken over by a force from the Warsaw Pact countries, Soviet long-range planes flying at low altitudes could strike at targets in Great Britain.

It is unlikely for a number of reasons that the British Army will be moved northward, but several steps have been taken to strengthen the northern flank. British air squadrons are earmarked for both Norway and Denmark and a ground force with transport helicopters will now reinforce the defense of the Danish straits, Farrar-Hockley said.

6578
CSO: 3639/148

ALMODOVAR DEMANDS FOR NATO RADAR INSTALLATION

Lisbon DIARIO DE NOTICIAS in Portuguese 17 Aug 86 p 9

[Text] Conditions and attributes similar in some aspects to the Autonomous Region of the Azores are one of the demands of the Almodovar Municipality to agree to the installation of a NATO radar station in that Alentejo District. The president of the Almodovar Municipal Chamber, Antonio Saleiro, declared: "The tracking station is being analyzed by the constitutional court because the PCP raised the problem of its constitutionality. However, I do not see any impediment to its installation provided that they grant us counterpart compensation for the socioeconomic development of the Almodovar District. Nevertheless, we believe we have the right to demand the same treatment that is given to the Azores; we cannot accept things any other way."

When one enters the town of Almodovar one comes upon a plaque bearing the 12 stars of the European Community with the following inscription: "Almodovar Municipality of Europe," because the president of the chamber is a staunch supporter of the EEC and is currently a member of the permanent committee of the Council of Europe, as well as of the Problems of Reform and Organization of Territory, and the Urbanism and Local Powers committees of that organization. Added to all that, it is well to remember that Antonio Saleiro is a young local government chief, 33 years old, who is serving his second term as president of the chamber, the latter with an absolute majority.

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CSO: 3542/146

DETAILS ON, FUTURE PROSPECTS OF ARMED FORCES

Rome RIVISTA MILITARE in Italian Jul-Aug 86 pp 45-54

[Article by Col Giovanni Di Simone]

[Excerpts] We certainly do not claim to present something absolutely novel here; our press as a matter of fact has covered those fine soldiers many times during the entire series of annual NATO "Display Determination" exercises, starting with 1980; RIVISTA MILITARE in 1981 devoted a significant "pearl" of the "necklace" under the title "We Know our Armies" to them. But there is no dearth of inattentive readers; and then of course there are the new levies, in other words, those who have just begun to read, yesterday, that is: finally, we are in a position to supply some fresh and first-hand news obtained from a prestigious "observer," the FTASE [Allied Ground Forces Southeastern Europe] Command, which allowed us to take a close look at these Portuguese soldiers and to learn how to appreciate them.

In the following paragraphs we will present a summary picture of the present-day structure of the three services (according to the most recent data) and, to the extent that we can, we will describe the mission assigned to each within the national context and NATO.

The Army

The Army consists of about 46,000 men, including 40,000 draftees (who serve for a period of 16 months) and is organized as follows:

1 independent mixed brigade;

1 "Commando" Regiment (which can be increased to brigade strength);

2 cavalry regiments;

1 armored regiment;

14 infantry regiments, plus 1 independent battalion;

5 artillery regiments (including 3 field artillery, 1 AA artillery, 1 coast artillery) plus 2 independent groups;

2 Engineer regiments;

1 signal regiment;

1 Military Police regiment.

The principal combat equipment includes the following:

tanks: 66 M-48 A5 tanks; 125 "Saladin," "AML-60/90," and "Ferret" Mk 4 reconnaissance vehicles; 222 M-113, M-577 A2, and "Chaimite" APC's;

artillery: 24 140-mm guns; 20 M-101 105-mm prime-mover-drawn howitzers; 6 M-109 A2 155-mm SP howitzers; 20 107-mm mortars; 35 coastal pieces of various calibers.

AT: 45 recoilless 90-mm and 106-mm guns; 35 TOW wire-guided missile systems;

AA: 18 20-mm "Rh-202" pieces; 20 40-mm "Bofors"; 16 individual "Blowpipe" missile systems.

The units are stationed in four Military Regional Commands and two insular zone commands (the Azores and Madeira). They have general ground defense missions concerning national territory (including action required in response to natural disasters), as well as cooperation with the other services in coast and air space defense. The only major conventional unit (the previously mentioned mixed brigade which we will cover later on in greater detail) is "assigned" to NATO and, more specifically, would become a component of the strategic reserve of SACEUR, to be employed, as we said before, in the Southern Region of ACE [Allied Command, Europe].

The Navy

The Navy consists of about 14,000 men, including 2,000 Marines (3 battalions); draftees--in this case, the minority--number about 4,500 and they serve for 24 months. The fleet comprises 7 frigates, 10 corvettes, 10 motor-gunboats, 4 minesweepers, 3 submarines, 13 amphibious vessels, and 4 support ships. The main bases are Lisbon and Faro (on the southern coast).

Other than the direct defense of ports and coastal areas within territorial waters, which is an eminently national task, the Navy's other traditional and fundamental mission--the protection of maritime lines of communication--has a bivalent connotation, meaning that in it converge the interests of the nation as such (which gets 96 percent of its imported products by sea) as well as of the Alliance to which it belongs. This protection is aimed primarily at ASW and counter-mine measures. In this connection we must point out that the so-called "strategic triangle," made up of continental Portugal and the archipelagos of the Azores and Madeira, in effect represents an area whose control would assume decisive value for the purpose of supporting any possible military operations in the European Theater. On the other hand we have a rather anomalous situation here--and Portuguese authorities are demanding that it be corrected--by virtue of which the zone assigned to CINCIBERLANT

(Commander-in-Chief, Ibero-Atlantic Sector, one of the three major subordinate commands under Supreme Allied Command Atlantic, at Norfolk, which share that Ocean) does not include the Azores! Officially, about one-third of the naval units are assigned to NATO. We must furthermore mention the somewhat limited participation in STANAVFORLANT (Permanent Allied Naval Force, Atlantic), a multinational maritime task force with mostly "deterrence" assignments during periods of crisis, which can operate anywhere in the Atlantic Ocean.

The Air Force

With a personnel strength of about 14,000 men, including only 5,000 draftees (serving 21-24 months), the Air Force in its organizational setup has 13 combat squadrons, subdivided into various specialties, for a total of about 140 aircraft and 50 helicopters. The fixed-wing aircraft include the "Corsair" A-7P, the G-91 R3/T3 and R4/T3, the T-38, the C-212, and the C-130 models; rotary-wing aircraft include "Puma" and "Alouette" craft.

As we emphasized earlier, the rather unusual characteristics of the Portuguese military establishment include the fact that the paratroopers are completely under the Air Force. The paratroopers are today organized for operational purposes in a light brigade of about 3,000 men with three battalions which are structurally similar to the Italian "Folgore" [Airborne Division], to give the reader a rough idea. We need not dwell at length on the missions of this service and we only need keep in mind that this mission is tied to the intrinsic flexibility of the air arm in general, as well as the specific characteristics of the above-mentioned aircraft. We might say that the good tactical and strategic transport capabilities are joined by the optimum performance of the multipurpose "Corsair," which can be refueled in flight and which can go into action anywhere, both strictly within Portuguese jurisdiction and within the ACE. This very flexibility, combined with the successful standardization of procedures, furthermore permits a nimble "insertion" of aircraft available to NATO under the operational control of any ATAF (Allied Tactical Air Force).

As for the paratroopers--since, on the one hand, there is very little likelihood that they will be employed on metropolitan territory and, on the other hand, in view of the repeated participation of their units in NATO exercises also in Italy--it does not seem unreasonable to expect that they will rather soon constitute a brigade (for which organizational plans are now being drawn up) to be available for international operational commitment.

The 1st Independent Mixed Brigade

We must dwell particularly at length on this magnificent major unit which we mentioned a couple of times earlier although without giving it a specific name. We must above all keep in mind that the brigade represents the Army's "sinew," that it is directly under the Armed Forces General Staff, and that major efforts and attention are being devoted to it. We repeat, it is as a matter of fact the only elementary major unit of the "conventional" type which Portugal has and it is the only unit to be "assigned" to NATO. It is the direct heir of the 3rd Infantry Division (which we saw committed in support of the Alliance from the very beginning of its organization); while the Division ceased to exist as such after the 1974 upheaval, we had to wait until May 1978 for the official establishment of the new unit.

In contrast to the parent unit, however, which was deliberately kept at always somewhat low operational readiness levels, the heir was created with the declared purpose of providing a constantly modern and efficient instrument. As of today, the Brigade--although it does not yet have optimum characteristics--is almost complete in organizational terms as regards personnel and equipment; above all, it is maintaining a high standard of efficiency and combat capability. It owes its designation "mixed" to the fact that it presents characteristics that are half-way between those of a motorized unit and those of an armored unit. It is organized as follows:

2 motorized battalions;

1 tank battalion (M-48 A5);

1 mechanized battalion (armed with TOW missiles);

1 field artillery group (with a portion of the prime-mover-drawn 105-mm pieces and a part of the 155-mm SP pieces);

1 reconnaissance company;

1 Engineer company;

1 signal company;

1 logistic battalion.

It consists of almost 5,000 men and is stationed in the country's north-central section, based essentially at Santa Margarida with an impressive support facility that permits the billetting of several detachments and the conduct of any type of training, including for the entire Brigade. The Portuguese authorities are really proud of their training effort. The undersigned had the good fortune of watching the commanders and soldiers at work, in activities not specifically designed for demonstration purposes, both at their various stations in their own home country and in the field, here in Italy, in Friuli; I can assure you that the NCO's and enlisted men have reached a level of technical-professional training that is of the first order.

Another sector that deserves looking into has to do with equipment maintenance; the extremely low failure percentage rate is both a peculiar feature and a point of honor for the entire Brigade.

A common factor in all detachments is the remarkable unit and discipline spirit.

Specifically referring to the operational terrain in Northeastern Italy, we can say that the Brigade began to show itself off to some observers in Italy in 1978. With the passage of time, the presence of this major unit gradually became a regular and more substantial thing; starting with the first massive participation in the "Display Determination" '80 NATO exercise, the Brigade alternately placed under the operational control of COMLANDSOUTH (Allied Command, Ground Forces, Southern Europe) the CP's and units of various sizes and types, achieving an optimum level of "interoperability" with other NATO armed forces, Italian and otherwise, both in terms of doctrines and operational concepts as well as in the just as important area of human relations. Through this major unit, Portugal not only shows its flag but above all in specific terms expresses its own determination to tackle the tasks assumed within the Atlantic Alliance.

In concluding this article on the 1st Brigade, we do not want to omit a reference to the other Portuguese soldiers whom we saw operating in Italy; we are talking here about the paratroopers of the recently established brigade (recently, of course, in organizational terms); as we said before, the brigade is an integral part of the Air Force. We will not paraphrase a famous saying by a very well-known German marshal of the 1940's also because comparisons are always somewhat uncertain; but we can certainly say that the Portuguese paratroopers astonished the Italian paratroopers because of their excellent training level, because of their toughness and versatility which enabled them without any trouble to operate even in the Dolomites, side-by-side with the Italian Alpine troopers.

Future Prospects

The Portuguese Armed Forces are working hard--and this word also implies a marked morale impetus--to perfect their reorganization and to modernize and boost the support facilities and the equipment; in Portugal, the latter are considered indispensable requirements for keeping up with the times and being able to offer Europe worthy cooperation in military terms.

Recalling once again the words recently spoken by Defense Minister Machete, we can list the principal short-term objectives in the following order of priority:

construction of three new ASW frigates;

completion of allocations for the 1st Independent Mixed Brigade (especially as regards AA weapons and battlefield surveillance equipment);

operational readiness of a light airborne brigade;

purchase of new maritime patrol aircraft;

increasing the air transport fleet;

introducing (air defense) interceptors.

As we can well understand, this represents a financial effort of vast proportions which Portugal finds it rather difficult to make with its own funds; in this respect we must remember that the GNP presently does not exceed 3,000 billion escudos and that defense spending gets about 3 percent. The country has an urgent need for economic aid which it has requested from its allies; in substance, it promises solidarity in exchange for solidarity. Will the Alliance have confidence in this, its most worthy member, and will it never forget that the common liberty, for which the Portuguese soldiers are more than ready to fight, has an inestimable value and therefore deserves some pecuniary sacrifice? We will have to look into our crystal ball and come up with the answer which logic alone does not seem to be able to give us. For our part, we can only send our best wishes to the Portuguese soldiers!

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5058
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STATE SECRETARY FOR DEFENSE ON BUDGET, ARMS PURCHASES

Paris DEFENSE & ARMEMENT HERACLES INTERNATIONAL in French Jul/Aug 86 pp 59-60

[Interview with Eduardo Serra Rexach, secretary of state for defense, on Wednesday 30 April 1986, by Jean-Francois Daguzan]

[Text] On Wednesday 30 April we met with Eduardo Serra Rexach, secretary of state for defense in the Spanish government. Serra was born in Madrid in 1946, graduated with a degree in law and was a state advocate; he was appointed to the newly created office of under secretary of state for defense under the UCD government. Retained in office because of his outstanding ability and familiarity with the material by the socialist government, he naturally became secretary of state for defense when this position was created in 1984.

The state secretariat for defense is especially responsible for the economic aspects of defense.

[Question] Mr Secretary of State, we have observed a building up of the economic agencies of the department of defense since 1978; what conclusions should be drawn from this development?

[Answer] In fact, this development took place in two distinct stages:

The first was that of creation. Its effects were more formal than real. All the finance departments, which previously came under the former Military Ministries (Footnote 1) (Until 1977, there was no Ministry of Defense in Spain; each armed force was under the oversight of a separate ministry: the Ministry of the Army, the Ministry of the Airforce, and the Ministry of the Navy) and armed forces (such as the purchasing juntas, for example), were transferred as a group, but this had little effect because the armed forces in fact retained the right and power to make decisions.

The second stage began in 1981-1982 when the ministry tried to assume all authority in weapons policy (for example through the DGAM). Nevertheless, purchasing authority remained with headquarters.

This second stage was thus that of the recuperation and control of purchasing and resources by the Ministry of Defense.

It has not yet been an absolute success, but the process is under way and is operational.

The most significant success consists in the new relation with the defense industries, in which the Advisory Committee on Armaments and Materiel (Footnote 2) (The CADAM is a joint committee created in 1982, made up of military personnel, defense industry officials, and government officials. It has the task of analysing the arms contracts submitted to the Ministry of Defense, selecting national projects, cooperation or direct purchase abroad, and carrying out compensation studies) plays an important role.

The reform of this joint committee will make it possible to make these ties closer; furthermore, the creation of the Spanish Association of Defense Industries (AFARMADE) is a new step towards the pooling of energies.

Nevertheless, we are particularly pleased to have succeeded as regards purchasing in establishing medium- and long-term programming with real objectives, when nothing like it existed before.

These programs have required a long period of time to work out but they are operational. The ministry now controls everything, and is aware of all expenditures.

The ministry's primary goal remains as far as possible: to put an end to economic and technological dependence on foreign countries; to increase the national technological level; to open the country to the outside by means of international cooperation; to promote investment growth by a policy of reduction in personnel.

This policy was and is being followed by means of a twofold approach: programming on the one hand, and above all by systems specification.

The programs are holding together, and we are pleased with that. But our former position as an underdeveloped country in arms manufacture has necessitated a drastic definition of standards.

It should be realized that before 1982 there were no standards for contracts either at the Ministry of Defense, or at headquarters.

To make up for these deficiencies, we created a public company which is the exclusive property of the Ministry of Defense: the ISDEFE. This engineering company, unique in the world, is responsible for determining the standards for the arms necessary for our armed forces--arms that come from national industries or bought overseas.

Thus the ISDEFE is responsible for research and negotiations for the materiel involved in the RADITE (Automatic Integrated Digital Communications Network) project, and the modernization of the "Combat Grande" air alert and control system which will cost 100 million pesetas.

These measures must now be completed by a policy of high level civilian and military personnel recruitment by the Ministry of Defense by means of attractive salaries.

[Question] What are the main features of the Ministry of Defense's arms policy?

[Answer] First of all, we must move cautiously, step by step; act with an iron hand in a velvet glove, if I may say so.

Secondly, we must act with conviction and determination, and also convince the various industrial, military, and business parties. Thirdly, our task is to unify, to have a very clear defense policy, which has not been the case for a very long period. Before, you see, there was no need to convince because there was no defense policy.

At each turn, we must define a policy in terms of national technological levels and industrial feasibility levels.

The emphasis is on electronics above all else. We want to increase our investments in electronics to three or four times their present level, just as the research and development resources of the ministry must be increased. Research and development are encouraged through contracts worked out with Spanish companies and by compensation of a technical nature negotiated as part of international contracts.

The European country with the youngest population must meet the challenge of the defense industry of the future. It is not a matter of competing with countries weak in technology but with the others, the leaders; that is the goal.

[Question] Spain wants to produce its future "Lynce" tank; several countries are competing to coproduce it or to sell the licence to manufacture this vehicle: West Germany with the Leopard II, Great Britain with the Valiant, and France with the conversion of the AMX 30's and the "Leclerc" main combat vehicle project. At what stage of development is the "Lynce" project?

[Answer] We are in the final phases of making a decision, and will present our conclusions to the government before the end of the legislative term, i.e., before 22 June. The final choice depends on the government.

[Question] The greatest successes in Spanish arms exports have been won on Third World markets. Are you planning to continue that policy, or will there be a swing toward the European market?

[Answer] The European market does interest us, and we hope to penetrate it by means of reciprocal contracts. Thus France is buying a certain number of C-325 light transport aircraft from us in return for the purchase of 18 Super Puma helicopters for our army. Strategically, our intent is to target the European customer so as to attract the others!

[Question] Can you give us some examples of new markets?

[Answer] It is hard for me to give you an answer because the situation in this matter needs to be reconsidered. The Ministry of Defense plays only a small part in the export process. Our intent is to be a bit more active in this domain.

[Question] What are the areas of Spain's participation in the European Fighter Aircraft program?

[Answer] Spanish participation in the project will total 13 percent. The number of aircraft to be bought, however, remains to be negotiated. Furthermore, the ways in which responsibility for the manufacture of the aircraft is to be allocated are also subject to negotiation. It must be quite clear that we do not want to be Europe's workshop. It is out of the question that we will accept responsibility for secondary parts of the plane, as was the case in the past. We mean to play a role as a full-fledged partner, and at a significant technological level.

[Question] Spain's defense budget this year has undergone drastic cuts. Do you think that this could happen again, and in these circumstances, how will already threatened programs that were formulated as part of the 1982 planning law be completed?

[Answer] As a result of the economic situation and the government's overall objectives, we have all had to make sacrifices. The situation is disturbing. However, we have placed before the parliament a plan to extend the 1982 law so as to recover the lost funds as soon as possible.

Quite frankly, it is essential that the defense effort begun be maintained and continued.

[Question] To conclude, Mr Secretary of State, how do you view the results of military cooperation with France?

[Answer] Very good, very satisfactory! In the past there have been some unpleasant experiences, but we have now noted a genuine, significant change in attitude on France's part. We have reached genuine parity in cooperation relations, a real partnership relation, and the word here takes on all its meaning. Spain can play an important role in Europe, and the states are now convinced of the necessity of embracing genuine cooperation; the revitalization of the GEIP is one example. Relations of equality alone will permit real cooperation among Europeans. At the dawn of the year 2000, the European states will not be able to withstand the USA and Japan with a fragmented industry. Cooperation remains what is really at stake in the years to come.

9824
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MILITARY INSTALLATIONS AROUND MADRID TO BE REDUCED

Madrid EL PAIS in Spanish 3 Aug 86 p 16

[Article by Andres Manzano: "Madrid Does Not Want Military Installations"]

[Text] Madrid--The regional government has adopted the proposals of the Madrid City Hall regarding the feasibility of ridding the urban centers of military installations of large area, such as those of the troop quarters. With the mediation of the community's city planning officials and technicians, the Getafe and Mostoles town halls have already signed agreements for this purpose with the Ministry of Defense, and others are under way which will affect military installations in Leganes and Torrejon de Ardoz. The Alcala de Henares town hall, for its part, is negotiating for the evacuation of the old military prison located in the very center of the locality. Nevertheless, the Defense Ministry seems to be interested solely in the quarters located in urban centers, and the firing and practice grounds of Colmenar Viejo and Hoyo de Manzanares, the scenes of constant accidents of which the residents have been the victims, have been left out of the negotiations.

On 3 May, Community of Madrid Day, Joaquin Leguina, regional president, and Pedro Castro, mayor of Getafe, formally took possession of the grounds and buildings of the General Elorza barracks, headquarters of the No 13 Field Artillery Regiment. Some weeks earlier, plans had been devised to organize a great celebration, at which the highlight was to be the demolition, by the residents themselves, of the brick wall separating the barracks from the rest of the locality; but the shortage of time did not allow for its organization. Thus, the Getafe town hall has 36,000 square meters for a green zone, 54,700 square meters to be used for collective equipment, and 20,000 square meters to improve the accesses to the urban center. The Defense Ministry, on the other hand, is left with 39,000 square meters of land suitable for building.

The agreement is similar in the case of Mostoles. The Troop Group installed in the Huerta barracks will be evicted throughout this year. In this way, the town hall will procure 40,000 square meters of public land, and the building of housing at one of the corners of the future park will be made possible. At the present time, other agreements are being negotiated relating to the Saboya infantry barracks in Leganes (the regional government's proposal is to grant the Defense Ministry a building area of 52,000 square meters), and the Army motoring base in Torrejon de Ardoz.

The Alcala de Henares town hall, for its part, is negotiating directly with the Defense Ministry on the elimination of the military prison located in the downtown area of the urban center, as such. During the past few years, the town hall has acquired several military buildings located in the center, for reconversion into cultural premises and senior high schools. Alcala de Henares headquarters of the powerful Paratroopers Brigade and its backup elements, is another major town in the region wherein the presence of the military is most prominent. During the first years of the transition, there were frequent incidents led by extreme rightwing groups, whom rumors identified as sons of military men. Barberan y Collar Street is virtually a military street, and there are several clusters of military housing in the town, some of which, like the one located at the end of Los Colegios Street, is closed to the outside, on the row of houses serving as Civil Guard barracks.

Civilians and Military

During recent years, however, the civilian and military authorities have made efforts to have the usual civilian events and activities extended to the barracks. Evidence of this is the agreement signed by the Ministries of Culture and Defense (in the case of the Madrid region, with the cooperation of the General Directorate of Youth). The agreement calls for offering courses in introduction to reading, short courses in video and theater, as well as other activities, in five quarters distributed throughout the country (El Goloso, in Madrid).

The military presence in the rest of the region is no less significant than in the aforementioned towns and in the capital of Madrid. In addition to the Legion barracks, located on Leganes, opposite the Saboya barracks, the Getafe air base, and the grounds of the Recruit Instruction Center (CIR) in Alcala de Henares, now out of service, the list of the most prominent military installations would be as follows: the CIR, headquarters of the Special Operations Group (GOE) and the headquarters of the Land Army's Aircraft Forces (JEFAMET), including a heliport in Colmenar Viejo; the Navy's transceiver station, in San Sebastian de los Reyes; the joint Hispano-American base in Torrejon de Ardoz; the Superintendency Pool, of the Brunete Armored Division, in Pozuelo de Alarcon, where the Army's magazines are situated, on a site known as Retamares; the Central Armament Chemical Laboratory, in La Maranosa; the Young Civil Guards Academy, in Valdemoro; the transmission base and magazine installations, in Pozuelo de Alarcon; the Pavia Armored Cavalry Regiment, in Aranjuez; and the Engineers Instruction Regiment, in Hoyo de Manzanares. The Military Psychiatric Clinic is located in Ciempozuelos, and the Anti-Tuberculosis Sanatorium is in Guadarrama. To be included in the area of installations with military use are the two satellite stations in Robledo de Chavela, and those existing in Pinuecar and Los Santos de la Humosa, one in each municipality.

Firing Ranges

Firing and instruction ranges are located in Colmenar Viejo, Hoyo de Manzanares, Leganes, Paracuellos del Jarama (a testing ground for the CETME factory), and Pozuelo de Alarcon. The existence of the firing ranges is the factor that has most often put a damper on the relations between military and civilians in Madrid. Madrid is a province with a small territorial area, in which the testing grounds have been tightly situated between the population groups. The case of the CETME testing ground in Paracuellos del Jarama illustrates the general situation: The cottages of an urban development, which is illegal, to be more exact, are located only 100 meters from the wiring that demarcates the field. It is not surprising that some "stray" bullets fly by, dangerously grazing the dwellings.

But the accidents with victims have increased, particularly at the firing ranges in Hoyo de Manzanares and Colmenar Viejo. In 1976, a bullet fired from the Hoyo firing grounds hit a cottage in Moralzarzal and seriously injured a 65-year old woman. On 6 May 1983, in Colmenar Viejo, Manuel Hernan Arroyo, a scrap metal dealer who was touring the firing range in search of metal scraps, was very seriously injured; and, 11 years earlier, a brother of the injured man was also hit by a howitzer bullet which amputated both of his legs.

For years, the Colmenar town hall has championed the residents' desire that the firing range be eliminated. Livestock raisers and residents of Hoyo de Manzanares and nearby towns hold the same position. Nevertheless, the representatives of the Defense Ministry who have carried out the negotiations with the regional government, through the Territorial Organization Consulting Office, have made it quite clear that the firing and instruction grounds are not negotiable, as many other installations appear not to be, with the exception of certain barracks which, because of their location, hemmed in by the urban centers, do not meet the minimal requirements for operating that their military status requires.

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West Europe Report

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DEHAENE ON BUDGETARY, COMMUNITY ISSUES, BRUSSELS

Brussels LE SOIR in French 8 Aug 86 p 2

[Interview with Jean-Luc Dehaene, minister of social welfare and institutional reform, by Beatrice Delvaux and Guy Duplat: "Dehaene: Community Policy Can No Longer be Pushed Aside"]

[Text] Without political stability, the budget is what will go first.

There are fewer alternatives than before. In any case, no one in the CVP is available!

We have begun a change in society, particularly in the organization of labor.

I am the most sensitive to the reactions of the CSC. But to obtain the agreement of a trade union was unthinkable!

Our operation will go together with a loss of jobs. The private sector must fill the gap and create some.

The FGTB will raise the stakes, because it is more involved in politicking than in social partnership.

If there is a large increase in unemployment at the beginning of 1987, the Val-Duchesse plan would be in ruins.

Our community policy must be prepared calmly.

With Happart, one has no or virtually no room to maneuver.

[Question] Has the government finally reached the end of its difficulties, weathering its tensions and crises?

[Answer] Crises? Tensions? I felt nothing of all that in the government. There was not a single minister who, considering the special powers, doubted for an instant that we would realize our recovery plan and carry it out on schedule. Especially since these ministers have been in office for 5 years and are beginning to understand the procedures.

[Question] All the same, it took you longer than expected?

[Answer] It was impossible for the government to do an uninterrupted job while going to parliament at the same time. That is not a reproach, simply an obervation. The priority was to carry out the parliamentary program within the time limits. Not to have voted in parliament would have been a political catastrophe.

[Question] Are you satisfied now with the work accomplished?

[Answer] We cannot underestimate what has been done. And, even if we took longer than some estimated on 13 October, everything was carried out before the vacation: politically, that is an important fact. However, what was done has meaning now only if there is the determination to continue with the work to the end. And to do that, a minimum of political stability until the end of this legislative period is necessary. If this stability is lacking, the budget is what will go first; it is the first thing that people abandon.

CVP Loyal to the Majority

[Question] Was the recovery program the only possible policy?

[Answer] All the debate in parliament and in public convinced no one. There are fewer alternatives than before, whether economic or political. Even if some are dreaming of a change--although I do not see who in the majority would have that dream--they will find no one available in the CVP for that alternative. An alternative which, moreover, would depend on elections, the last thing that attracts us at the moment. For purely political reasons, our entire interest lies in continuity. Because some measures are unpopular. But, without having a budgetary obsession or passion, I am aware that if the job had not been done now, there was a danger of mortgaging the future and, I might even add, employment.

[Question] Did you never hesitate in your approach in view of popular reaction?

Those who took part in the debate in the government were almost physically confronted with all the contradictions and vested interests on which Belgian society is built. Our country consists of community and ideological pacts, of debudgetization to the nth degree; it is the kingdom of pressure groups. We wanted to sidestep all that, realizing at the same time that we had to remain moderate because, if we demolished everything, there would be nothing left. I felt that we should negotiate a real change in society. We have one foot in the old and one foot in the new.

[Question] A change in society? Do you have any examples?

[Answer] When it comes to freeing up work time. What will be retained from this government will be the switch in economic policy, and also the adaptation of the legislative framework to a new organization of labor. The impact will be felt only 5 or 6 years from now. It is the basis for the selected time revolution. In education, and also in hospitals and semipublic institutions, we have tried to make people more responsible for the management of their institution by envelope systems. If there have been some setbacks, it should be noted that we have reformed the legislation on hospitals and disability from top to bottom, and have given legal status to career interruptions. That is not neglibible. The government communiques are distinct trees; one must not forget the forest.

[Question] Does the Val-Duchesse plan reflect the political balance of power?

[Answer] Personally, I think it does. There was a basic balance in the plan as it was worked out at Val-Duchesse. When everyone got together on it, the balancing elements were refined and improved upon. I have never belonged to that group of people who believe that multipartisan agreements are proof of weakness; it is part of the decision-making process in a democracy. It is not because 10 ministers have decided that that is the way it is that it should be that way. I am thoroughly convinced that if there is not a minimum of collaboration among the affected sectors, we are headed straight for disaster. This multipartisan collaboration will be continued in order to convince the people concerned.

The Trade Union Thorn

[Question] You even want to convince the CSC?

[Answer] Obviously I am the most sensitive to the reactions of the CSC, but I am also aware that to realize a plan of this scope and obtain the agreement of a trade union was unthinkable! The trade union has a different role. As a government official, one must have the courage to live with this tension while at the same time targeting medium-term goals. For example, the debt; in 4 years, those who will be the trade union leaders would have reproached us for not having made the necessary decisions. We must have the courage to square our shoulders and plan for the long haul, while waiting for the facts to justify us in the end. The trade union, because of the internal pressures it must undergo, is too anxious for short-term results.

[Question] What do you think of Sunday's public debt operation?

[Answer] There are technical advantages that prevent putting off the problem 10 or 20 years. Furthermore, the effort is a sufficiently major one for it to have a real influence on the recovery of public finances. The easing and recovery together can break the snowball effect. And finally, the banks have made a real effort, contrary to what was believed at the beginning. Eyskens told us at first that it would not be possible without a few plums for this sector.

[Question] What is necessary for Val-Duchesse to succeed?

[Answer] A political balance has already been achieved. The agreement is technically complete. There remains the economic context. I think that it is now as favorable as it could possibly be. It is now or never, because our operation will be accompanied with a loss of jobs. But in this area, considering the counterweight of oil prices, and the improvement in its competitiveness, the private sector must take over from the state and create jobs. Everything depends on this result.

[Question] Why were measures promoting employment not taken anyway?

[Answer] In addition to Val-Duchesse, we had conversations with our business partners, who almost begged us to leave this feature untouched for the time being, and even not to say what we would do in employment in the event of the failure of labor negotiations. Hence the reproaches directed at us: you are destroying jobs without creating new ones. We took the risk of keeping silent voluntarily. We were masochistic about it, because we knew that if a labor agreement was worked out, it would be an enormous success factor for the government. But I am afraid that, precisely because that would be useful to us, there will be no agreement. The FGTB is more involved in politicking than in social partnership. And even if there is a chance of an agreement, it will raise the stakes because the agreement could benefit the government. I hope that I am wrong and that each person will fulfil their responsibilities, but I have some fears.

[Question] And what if there is no agreement by 15 September?

[Answer] The government will step in, but it will be more difficult because the government must respect the rules, and is less flexible than are the business partners among themselves. It will be essential that the government come up with a plan for employment, and convince employers of the necessity of taking part in the game. For if, by misfortune, there were a substantial increase in unemployment at the end of 1986/beginning of 1987, I know one thing: the recovery plan would be in ruins. Because when you say unemployment, you are saying that the government must increase spending and is obliged to extend its employment programs.

Employment: Silence!

[Question] What will be the content of this employment plan?

[Answer] I promised to keep silent about it until 15 September; in May we had already put ourselves in a masochistic position to leave the way clear; I am not going to ruin everything now.

[Question] And the community problem, do you prefer to forget that?

[Answer] No, we have to tackle it rather than letting it deteriorate. Even though to this point there was justification for going all out for the recovery, it is just as mistaken to say: "Apart from that, there are no problems." It is blind not to see that a certain number of shelved problems will have to be dealt with sooner or later. Preparations have to be made calmly instead of waiting for an explosion.

[Question] Do you have miracle solutions?

[Answer] During the preceding term we created a study center for institutional reform which worked well, even if, alas, the opposition refused to participate. I think that that sort of center could be put back on track, but in the parliament this time, as the opposition suggests, yet still bringing in experts so as not to fall back into political maneuvering. This center will have the task of preparing the revision of the constitution, including the transfer of responsibility for education to the communities. On this last point, the PSC and CVP above all must work to see that they play in unison.

[Question] What about the financing of the regions and communities?

[Answer] That is the second community problem that we must have the courage to present. First of all, because at Val-Duchesse we asked for the participation of the regions and communities in the austerity effort, and because we have not yet found the means of doing so. Secondly, because the enormous abscess of state housing debts weighs more heavily than the financial weight of the national sectors. Finally, because one cannot brush away Flemish Executive President Geens's suggestion with a sweep of the hand. He has proposed revising the system of income tax rebates. All current rebates would be abolished but in exchange for that, the regions would administer part of the tax on individuals. They would thus have their sort of additional revenue. Such a solution would have a twofold advantage: it would make the regions and communities more responsible, and would settle once for all the debate concerning the keys to partition.

Brussels, My City

[Question] What about Brussels, since you live in that area?

[Answer] There are a number of possibilities. Among Flemish and French speakers in Brussels, there is a climate which makes it possible to resolve a certain number of problems. When I insisted on participating in the executive of the Brussels community as an official of the two communities, it was because I am from the district and am close to the Flemish people of Brussels. And my position is a better one, despite all the good will of my friend Daniel Coens, who was not in the area.

[Question] Is it financial means that are most necessary in Brussels?

[Answer] I am convinced that additional means must be made available to Brussels. Already at the Stuyvenberg, Neyts, de Donnea and I have argued that Brussels should receive its share of inheritance dues.

[Question] But with a reorganization plan?

[Answer] Yes, because as much as we are convinced that there should be more financial means in Brussels, no one wants these funds to be lost in an abyss such as Cockerill-Sambre or in the mines. In this regard, the plan presented by de Donnea makes me think that more than anything, people are trying to present a piece of paper to obtain money. We need a serious recovery plan which does not touch materials that may be regarded as personal or belonging to the communities, but which is persuasive and specific.

[Question] With the merging of communes?

[Answer] You know that I defend the idea, but I am realistic enough to know that it would be impossible before the 1988 communal elections. However, one can merge jurisdictions by creating, for example, a pararegional board for water. Residence problems should also be settled by preventing anyone from continuing to disregard the law to the detriment of the Flemish, and thus permitting a vote on residence at the next communal elections.

[Question] Do you also now want guarantees for the Flemish of Brussels?

[Answer] This is not the time for the definitive negotiations concerning Brussels, but I believe that it is now possible to make allowance for guarantees for the Flemish in this plan. For example, as coming under the pararegional committee, or the settlement of the residence problem.

Happart?

[Question] What about the RTT, the national sectors, and the Limbourg mines?

[Answer] The problem with the RTT's century contract is likely to be more readily resolved with the latest agreements which have taken place these last few weeks in the telecommunications sector. The National Defense orders will also be made. The national sectors, for their part, will reemerge in all their splendor, some of them reaching the limits of their budgets. A manager for the KS was found just in time. In the national sectors, there is nothing worse than when the government has to act as board of directors. With Cockerill, it did not work out very well for us, and the situation was taken care of only when someone else had the job.

[Question] What about Happart?

[Answer] The other problems, Brussels, the national sectors...we understand them in all their aspects, know how to tackle them, and can deal with them by preparing for them. The Happart problem is different: it is not under control, we don't know when it will break out, and the margin for maneuver is virtually nil. It will be a black or white situation. However, it is not with the Happart case that one will find an alterrative majority; I am quite sure on that point.

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POLITICAL BELGIUM

PERSONAL INFORMATION ON DEHAENE GIVEN

Brussels LE SOIR in French 8 Aug 86 p 2

[Article: "We Already Have the High Speed Train"]

[Text] Jean-Luc Dehaene is not a chatterbox. "This is the third interview I have given," he told us right off. He is not a polemicist either. "I couldn't care less what people say about me at the moment. When I read the book about Gaston Eyskens, I understood that it was better to wait until the end of one's life to make a synthesis of the comments." His religion is action, going all out, realism. There is no evasion: he grappled with social security, a monster in the Belgian style, and now that it has balanced out, he has taken a position in another area, in another quagmire: the community question because, as a CVP man, he is also a resident of Brussels, and is certainly counting on the harmonious relations in the majority to do a bit of housecleaning, indeed even a major cleanup.

He is a member of the new political generation, the generation of figures and the direct approach which follows in the way opened up by Wilfried Martens, its leader. A gifted student, he nevertheless has not tried to dethrone his master, at least to this point. Although some saw him as vice prime minister, and even future prime minister, so great was his influence in the government at certain times, he has taken a back seat without complaint. And his colleagues recognize that his complete support of the prime minister at Val-Duchesse was of infinite value to the latter. It remains to be seen whether he will agree to remain out of the game much longer. His attraction to the game of politics and its tactics, which he reveals in his amusement on considering his partners' maneuvers in the community area, speaks volumes of his lucidity and his capacity to want to join the game when the right time comes.

This locomotive at the head not of a meandering local run but rather of a high speed line makes no attempt at subtlety. Precautions are really not his thing, any more than are attempts to charm or attract. Crusty, obstinate, sure of himself, and indefatigable, one has to be strong to wrest concessions--or a smile--from him.

9824
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GREENS EMBOLDENED BY LOCAL POLLS, HOPE TO ENTER FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 25 Aug 86 p 4

[Article by Morten Larsen; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Greens feel that frequent elections are a good thing. They activate the voters. The party also agreed at its representative assembly to support a universal wage to compensate people for social contributions.

After their success in the municipal elections and encouraging opinion poll results the Greens are now aiming at getting into Folketing. Here the party will not allow itself to be used for bloc policy purposes or to be frightened by election threats.

The feeling among the 100 people who attended the national congress in Ringe, Fyn, over the weekend was that frequent elections are a good thing. They activate the voters and it is a basic viewpoint of the Greens that Danes should not be ruled from above. The development of society should grow from the bottom up.

This viewpoint is reflected in the party's organization. The Greens have no chairman and no executive committee and all major decisions are referred to a representative council whose members are selected by local associations before each meeting.

It is also the representatives who map out the party's political course on the basis of inspiration from the discussions at the national congress, which is open to all members but does not make any decisions.

The party representatives still have to reach agreement on important aspects of the policy that will indicate the means for achieving the goal of the Greens--turning Denmark into a society of open and creative people who live in harmony with nature instead of exploiting it.

A major cornerstone in the party's policy is the elimination of social legislation that requires a lot of administration and the introduction of universal wages that are large enough so that people can live modestly on the amount provided.

This is intended to give everybody a chance to choose freely whether they want to have a job in the traditional sense of the word or whether they would rather use their time for other purposes.

This could be getting an education, working in the arts or performing tasks that are beneficial to the community but are not performed today because they do not pay when measured by the yardstick of a market economy.

The Greens agree on the philosophy underlying the idea of universal wages, but the discussion at the national congress showed that the party has some way to go before it can establish how large the payment should be, how to provide the funds and in what way and how quickly the idea should be introduced.

On this as on other questions the Greens are divided into Utopians, who want to reach the goal at once, and realists, who think compromises are necessary and that small steps along the way are also justified.

6578
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POLITICAL DENMARK

DEBATE CONTINUES ON POSSIBILITY OF LEFTIST COALITION

Many SDP Leaders Oppose

Copenhagen INFORMATION in Danish 12 Aug 86 p 10

[Editorial: "Red Balloon"]

[Text] The air had scarcely gone out of the summer's big political trial balloon--a Social Democratic-Socialist People's Party [SF] government--when prominent Social Democrats artificially inflated the shrunken object in connection with the SDP summer meetings on Sunday. At the Trade Union Federation [LO] school Svend Auken said that the country could have a new government if the Social Democrats and SF win a majority in a future Folketing election. Auken said it is impossible to wrest Niels Helveg Petersen and the Radical Liberals out of Poul Schluter's embrace. On the same day Auken denied in an interview in POLITIKEN that there is any disagreement among leading Social Democrats concerning an SDP-SF cooperation. "We agree on an SDP-SF government," he said.

However this viewpoint was clearly contradicted on Monday when former Housing Minister Erling Olsen told BERLINGSKE TIDENDE that the Social Democratic program, "Denmark For All the People," could not be reconciled with bloc policy and that an SDP-SF government coalition was not necessarily a logical development.

Erling Olsen seems to be in agreement with Mogens Camre and Mogens Lykketoft, both of whom have indicated their opposition to an SDP-SF bloc policy.

Apparently Anker Jorgensen was trying to bridge the gap between opposing views in the party when he said at the SDP summer meeting in Hindsgavl that he was prepared for a future government cooperation with SF, while at the same time stressing that an SDP-SF government must cooperate across the middle and not exclude sensible ideas from the nonsocialist side.

But Jorgensen's viewpoint does not make much sense. It is quite inconceivable that the Radical Liberals or any of the smaller nonsocialist parties would be prepared to provide a "red cabinet" with any kind of broader parliamentary legitimacy. On the contrary. The very formation of an SDP-SF government would inevitably signal the pursuit of bloc policy.

Of course it is tempting to view the mutually contradictory attitudes toward an SDP-SF government as an expression of support for various economic and political strategies. When Olsen, Camre and Lykketoft warn so strongly against bloc policy and point to the necessity for cooperation across the middle it can be taken as an indication of support for an austere economic policy where there is little leeway for political reforms and distribution policy adjustments. When Auken, on the other hand, talks about an SDP-SF government as the only possibility, it can be explained as a desire to pursue a policy that more clearly distinguishes itself from Schluter's.

But there are several reasons why a simplified analysis should be avoided. In other contexts--for example in the security policy debate--Auken has stood out as a clear advocate of consensus with nonsocialist Denmark. And all in all none of the leading Social Democrats has spoken out with such clarity that it is possible to discern a unified picture.

Is the talk about an SDP-SF government anything but a grandstand play? Which statements are motivated by political tactics and simply intended to guarantee the Social Democrats the best possible election results and the maximum room for maneuvering after an election? Does Anker Jorgensen really want an SDP-SF government, as he says? Or is he just talking about the idea because he feels he has to in order not to lose too many voters to SF? Does Svend Auken want an SDP-SF government or is he just talking about it because he wants to nail SF down to some responsibility and pull the party out of its hammock?

At the deepest level few prominent Social Democrats in Christiansborg believe that an SDP-SF government will become a reality. They feel it is most likely that there will be a Social Democratic minority government if the present opinion polls prove accurate. Even so there is a lot of talk about an SDP-SF coalition.

Actually it is unreasonable to expect a big middle party to commit itself in advance to a specific cooperation after an election. Much will depend on the election results and the preceding campaign. But the main reason why there is such an urgent need to clearly outline the Social Democratic Party's government strategy at this time is uncertainty about the party's leadership shift. If the party had a leadership with strong authority that enjoyed the confidence of the voters, the formation of a government could be left to the party leaders. But the Social Democrats do not have that kind of leadership.

In practice Anker Jorgensen has long abdicated from Danish politics even though he still clings to the hope of one last election victory before he retires. Svend Auken would dearly love to be a real candidate for prime minister, but he cannot show his true colors as long as he is still not positive he will be selected to succeed Jorgensen. Too many of the political statements made by Social Democratic leaders are colored by the party's leadership crisis. That could lead to the defeat of the Social Democratic Party in the next election--in spite of the favorable political conditions.

Union Leaders Also Divided

Copenhagen BERLINGSKE TIDENDE in Danish 25 Aug 86 p 7

[Article by 'Linnea']

[Text] An SDP-SF government will not become a reality unless the Social Democrats are strengthened in a future election. So said Svend Auken, vice chairman of the Social Democratic Party, at the congress of the Danish Electrical Workers Union yesterday. That put him in line with LO chairman Knud Christensen, while the chairmen of the Electrical Workers Union and the Danish Postal Workers Union, Freddy Andersen and Aage Andersen, view the coalition government as the only thing that could offset the present government.

"If the Social Democrats are strengthened in a future election, the possibility should be tried out. A cooperation agreement will show if SF can take on government responsibility. I think they can now, with no parties on the left wing nipping at their heelds," Knud Christensen said.

Freddy Andersen of the Electrical Workers Union distinguished himself with the statement that he would rather negotiate with the devil himself than with the present government, which must be overturned no matter what, while Aage Andersen felt it would be unwise of the Social Democrats to exclude SF.

Svend Auken does not think a change in government is just around the corner. He referred to the Gallup figures, which are bleak as far as the Social Democrats are concerned. And he recommended that the debate on an SDP-SF government be suspended.

6578
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POLITICAL FINLAND

VEIKKO VENNAMO TRIUMPHS OVER FATHER AT RURAL PARTY CONGRESS

Government Agricultural Policy Attacked

Helsinki HELSINGIN SANOMAT in Finnish 11 Aug 86 p 11

[Article by Martti Backman: "Kortesalmi Reminded Rural Party of Veikko Vennamo's Testament: 'Government's Proposals Must Be Improved in Parliamentary Group'"]

[Text] Jyvaskyla--On Sunday J. Juhani Kortesalmi, chairman of the parliamentary group, cast a shadow on the unanimity achieved by the SMP [Finnish Rural Party] on its new moderate government policy line. Kortesalmi reminded the party rank and file of the old Vennamoite tradition according to which the government's proposals must be improved in parliament.

Kortesalmi called the principle "normal parliamentarianism".

"This view must be considered as a kind of political testament from Veikko Vennamo to our parliamentary group and to the whole party," declared Kortesalmi. Kortesalmi did not directly state whether the SMP's group under his direction will continue along this line, which led the party to its recent chairmanship crisis.

Kortesalmi was elected to the leadership of the parliamentary group after Veikko Vennamo resigned from this position. Kortesalmi's speech was the only note of discord at the SMP's congress. The SMP's ministers and MP's received only praise and appreciation for their work from the forgotten rank and file at Sunday's general political debate.

Veikko Vennamo Stayed Away

The atmosphere of great harmony was overshadowed only by the fact that nothing was heard from the party's founder and honorary chairman Veikko Vennamo . The SMP's rank and file waited until the very end for their hero to come to the congress, but the insulted Veikko Vennamo did not even send a message of greetings to the congress. In nearly all the speeches it was emphasized to the party leadership that such conflicts which resulted in Chairman Pekka Vennamo's threat to resign should be avoided in the future. It was also emphasized that the party's ministers and parliamentary group should strive for smoother cooperation in the future.

In a policy report Kortesalmi fiercely attacked the government's agricultural policy. He placed the responsibility for the policy of killing the small farmer on the Center Party. "The SMP remains alone to support the small farmer and the family farm, and Center Party Chairman Paavo Vayrynen either plays hooky from his government post or sits silently without saying a word," accused Kortesalmi.

Kortesalmi Demanded Ylajarvi's Resignation

Kortesalmi was especially bitter toward Agriculture Minister Toivo Ylajarvi. He demanded that Ylajarvi resign immediately. On the last day the congress approved 24 resolutions and a separate platform on various partial areas of policy. The SMP emphasizes social policy in its budget objectives. According to the party's assessment, the yet unaccomplished points of the government program primarily relate to improving the position of families with children, pensioners, and war veterans as well as improving the employment situation.

The SMP is proposing, among other things, a reduction of the marginal rate of tax for families with children at a rate perceptibly faster than the rate of inflation as well as an extension of the child subsidy payment period to 18 years of age.

The party is also aiming at legislation regarding minimum income security. At the same time a clarification should be made of incorporating the various forms of social support into a so-called national wage.

The SMP is aiming at 3,000 markkaa per month as the basic income security for pensioners. The party wants to increase the subsidy for frontline veterans by 500 markkaa per month.

In employment policy the SMP is striving for a gradual reduction of the work week and an expansion of the concept of labor. Home care for the elderly, disabled, and children should be equated with paid labor in the opinion of the party.

The general assessment among those attending the congress was that Chairman Pekka Vennamo's resignation threat and its withdrawal at the congress cleared up the situation significantly. The party believes that it will manage at least until the parliamentary elections without any major difficulties.

More than 600 official delegates participated in the SMP's 2-day congress. In addition to them, a couple thousand active members of the party came to observe the proceedings.

Paper Comments on Veikko Victory

Helsinki HELSINGIN SANOMAT in Finnish 12 Aug 86 p 2

[Editorial: "Pekka Vennamo Once Again Has a Visitation Time"]

Chairman Pekka Vennamo's resignation threat and its withdrawal by unanimous demand of the rank and file gave the SMP congress the feeling of a skillfully executed summer theater. In spite of the fortunate outcome, it was not a question of a mere comedy. The basic plot was in reality very serious: a struggle for the SMP's policy line.

Pekka Vennamo has been in the leadership of the Finnish Rural Party since 1979. In spite of this, the SMP has for the most part remained Veikko Vennamo's party until this last congress. The son's problem was not so much one of remaining in the background and in the shadow of his father, but much worse: he ended up opposing his father politically.

In the leadership of the parliamentary group Veikko Vennamo frequently opposed that policy which Pekka Vennamo agreed to promote in the government. Over the long term this could not help but seriously shake the SMP's political credibility, which has even otherwise been found to be questionable. The party was threatened by its expulsion from the government, which did not at all correspond with the goals set forth by Pekka Vennamo.

Support for the SMP is in a serious slump according to the polls. Even though the party has been accused of a deliberate simultaneous participation in government as well as in opposition, its policy does not seem even to have picked up any loose points. On the contrary, the conflict between the party leadership and the parliamentary group has been generally understood as a symptom of a growing internal crisis, which could become costly in next spring's parliamentary elections.

With his highly visible resignation threat timed before the party congress Pekka Vennamo wanted without a doubt to place his father and all the party rank and file against the wall: previous practice and the occupation of two chairs cannot continue. The personal risk was not the greatest since in this situation the party was completely unprepared for a change of chairmen 6 months before the parliamentary elections.

The proceedings of the congress for the first time without the presence of Veikko Vennamo make it justifiable to talk about a new milestone in the development of the SMP. Pekka Vennamo wants to give the party a new image: say good-by to the populist policy of protest and consolidate the SMP's position as an overall bourgeois party, which comes out on behalf of various neglected segments of the population and which is striving to work within the government rather than from a position of opposition.

The party congress seemed to give its complete support to this change of policy.. This may seem strange, and what is the most obvious is the optical illusion created in the question. The main thing for those attending the congress and alarmed by the threat of resignation was to prevent a chairmanship crisis. It is doubtful that they comprehended what the change of direction in reality entails.

Talking about a new SMP may be premature. It will become known in parliament in the fall whether the parliamentary group will fall in line with the party leadership's government policy. Can Veikko Vennamo bear to leave the party he created in the hands of the younger generation?

How the rejection of the old Vennamo and the SMP's possibly more relevant policy will influence the SMP's traditional constituency and appeal to new voters will not be seen until next spring's elections. The prospects do not appear to be very promising. Pekka Vennamo must still prove whether his wings will carry the burden alone after the parliamentary elections.

Veikko Attacks Party Enemies

Helsinki HELSINGIN SANOMAT in Finnish 13 Aug 86 pp 3, 12

[Article: "V. Vennamo: Evil Spirits in the Finnish Rural Party"]

[Text] Veikko Vennamo, the founder and honorary chairman of the Finnish Rural Party, sees evil spirits in the SMP's headquarters. The worst demons are Party Secretary Aaro Niiranen and MP Mikko Vainio, whom Vennamo calls political clowns prowling after their own interests. The honest and inexperienced Pekka Vennamo has become ensnared by them, argues the senior Vennamo.

On the other hand, Veikko Vennamo gives his support to Minister Urpo Leppanen.

Pekka Vennamo, for his part, disputes the public assessments that his intent has been to displace Veikko Vennamo from the party's places of influence.

Honorary Chairman Veikko Vennamo of the Finnish Rural Party violently attacks the recently unanimously elected leadership of the SMP. Party Secretary Aaro Niiranen and Vice Chairman Mikko Vainio of the SMP's Parliamentary Group are subjected to the worst verbal beating.

Veikko Vennamo discloses his bitterness in an interview conducted by himself in Tuesday's ILTA-SANOMAT, in which the questions as well as the answers are of his own making.

The senior Vennamo does not directly accuse his son, the party chairman, of anything, but since Niiranen and Vainio are Pekka Vennamo's principle supporters, the attack is also indirectly directed at the party chairman.

Mikko Vainio Is Worst Demon

Veikko Vennamo's explanation is that the honest and inexperienced Pekka Vennamo has come under the power of evil forces. "The worst of them has been the political clown, Mikko Vainio, who is protecting his own interests and who has continually been Pekka Vennamo's evil spirit," writes V. Vennamo.

The ability and maturity to manage affairs has also been lacking from the evil forces in party headquarters according to the honorary chairman. The consequence has been confusion. Party Secretary Aaro Niiranen bears the most responsibility for this in the opinion of V. Vennamo.

"I do not believe that voters in the province of Kuopio will make the mistake of voting Niiranen into parliament from there. The man is already known." This is the testament Veikko Vennamo leaves behind to the Kuopio Election District in the next parliamentary elections.

V. Vennamo cites an example of the conduct of the evil forces:

"A few days before the SMP congress in Jyvaskyla Niiranen along with Vice-Chairman Lea Makipaa presented a written request to me to use my prestige to discourage Urpo Leppanen since he is supposedly aspiring to the party leadership by means of large amounts of bribe money."

Niiranen did not want to comment on Veikko Vennamo's accusation any more than did Makipaa. "I am very surprised," is all that Niiranen would consent to say about the meeting of party secretaries from Nordic countries in Mariehamn.

Urpo Leppanen recently prevented the election of Mikko Vainio to the leadership of the SMP's parliamentary group by making it understood that Vainio would encounter exceptionally great difficulties from Veikko Vennamo's quarter. Later Leppanen acknowledged that he had been bluffing; he did not have the authority to speak for Veikko Vennamo.

In the article in ILTA-SANOMAT Veikko Vennamo, however, gives his support to Urpo Leppanen. "The tactics of the evil forces have been clear. First to push the father aside by means of pressure on the son and then to push an exhausted and disgusted son out the door. After this only Leppanen will be left."

Veikko Vennamo makes it understood that the struggle for the SMP's policy line will continue: "My right and obligation as a member of the SMP is now namely to attempt to save the SMP, which is my life's work. It is in part a question of the fate of the whole country."

On Tuesday Pekka Vennamo also wrote in TURUN SANOMAT in the same column in which 3 weeks before he announced that he would resign from the leadership of the SMP.

P. Vennamo deliberates why he and the party congress could after a 3-week interval come to a completely opposite conclusion on the same situation.

One reason in his opinion was that the SMP's rank and file did not even have the slightest desire to enter into a debate on a successor to Pekka Vennamo as chairman.

"I could not imagine a more unfortunate situation for a living and active party than a situation in which its chairman or some other person in a position of responsibility is felt to indispensable," writes P. Vennamo.

He considers the fact that politics entail emotional decisions which are made more with the heart as another reason for the decision at the congress.

Pekka Vennamo once again vehemently disputes judgments according to which his purpose was only to displace his father from the party's positions of influence. "Even I am not some kind of an inhumane monster."

10576
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PCI FURTHER ISOLATED AFTER GOVERNMENT CRISIS

Rome L'ESPRESSO in Italian 10 Aug 86 pp 12-14

[Article by Fiamma Nirenstein: "Red Desert"--boxed material by author as indicated; first paragraph is L'ESPRESSO introduction]

[Text] During this crisis the PCI leadership had proposed all sorts of things: the "historic compromise"; the programmatic government; and the "alternative of the Left." No one paid them any attention, and in the end the party was even more isolated.

Just to look at them, there is something different about today's communists. The crisis in the camp of the enemy--the five-party coalition--has brought to light their own malaise; the gossip of others renders their silence deafening; and the monotonous reintroduction of the same old governmental formula serves to highlight the confusion, the hubbub, and the disparate statements that issue like troubled sighs from the great body of communists.

Have the communists succeeded in serving as a reference point for the confused people of the Craxi-De Mita ballet? The answer is no. Have they been able to come up with a political proposal that would confound the games being played by these others? Not that either. Moreover, at the 30 July meeting of the Central Committee--held for the purpose of establishing a definitive point of departure for use following the confused days of the governmental crisis--the specter of communist harshness resurfaced and--through the mouth of Natta--proceeded to scold everyone: socialists, Christian Democrats, and the president of the republic. The result? A few three-column articles on the second page of the daily newspapers.

Let us see how the PCI acted during the days of the crisis. Natta conferred mostly with the party secretariat, and particularly with Achille Occhetto. It was these two who jointly decided to draft a "program" which the PCI delegation presented on 8 July to Amintore Fanfani, who was engaged in an exploratory mission. The communists believed that this was a move destined to be of great importance. Such was not the case, however; the proposal came to naught. Even today, however, if you question the importance of their action, the communists persist in ascribing major significance to it. One of these is Alfredo Reichlin. "Even though there has been a blackout in the press," he argues, "and the others have turned a deaf ear, the program is nonetheless there, and it is realistic, sensible, and filled with suggestions." "Television devoted exactly 47 seconds to the program, and 3 minutes to Enzo Tortora," was the angry comment of Antonio Rubbi, the PCI's sanguine authority on foreign affairs. "The games were already over," he added, "and there was no margin for political intervention."

That may be, but the PCI meanwhile continues to exert itself in various and improvised ways. What should be done? The two rivals, De Mita and Craxi, are facing each other like fighting cocks. Participation in the contest is unavoidable, even though the communists are today continuing to claim credit for not having sold out to the highest bidder. The interlocutors are dramatically silent. The appointment book remains empty; the signals from the DC and PSI are received covertly and secondhand. Craxi's attitude is not particularly attractive; during the conferences with the parties--by which time the socialist leader had already received his new mandate--it was downright depressing. For the communist delegations he had a standard little speech concerning the decadence of the traditional concept of the Left throughout the world; with Natta--who was increasingly dispirited--he simply pointed to the victory of the liberal-democratic Nakasone in faraway Japan and lamented the fact that the German SPD platform is not very convincing. My dear communists--Craxi insinuated--what do you expect? You're no longer fashionable.

Moreover, one part of the PCI--during the week that Andreotti held the mandate--had experienced a revival of sympathy for the Catholic world, but it was in the form of nostalgia for the "historic compromise," when bipolarity meant PCI-DC, not DC-PSI. Chiaromonte came out with an editorial in UNITA (of which he is editor) in which he announced that the PCI is--if anything--not completely adverse to Andreotti; on the contrary. Some sectors of the party have not turned a deaf ear. After all, immediately after the onset of the crisis, those communists who had been fond of feeding on "tripe a la Bettino" began to harbor the secret hope that the incubus Craxi had once and for all met his end.

"Shall we choose the alternative?" Franco Camerlinghi, the Tuscan regional adviser, jokingly asked the comrade section-secretaries. "With pleasure," they replied, "provided that it does not include Craxi."

"Well, then, how is it all going to turn out?" was the question asked by Deputy Sergio Dardoni's constituents over the telephone from a factory in the Lucchesia region. "It's my impression that the mandate will revert to Craxi," Dardini replied, the day before his prediction came true. "Craxi? But you must be joking! Craxi's gone for good," the comrades of the rank and file answered back, hopefully. Meanwhile, in Milan a somewhat disturbed federal committee is longing to free itself from the beloved socialist enemies; and the strange group that feels a "neonostalgia" for the historic compromise is growing in size. "Who was it who said the communists are unable to conceive of any government other than one in which the socialists are present?" argues Elio Quercioli, one of the leaders of the Milanese communists. Provincial secretary Corbani agrees. "One must play the field--something, by the way, that Togliatti taught us," he said. "We even passed Article 7 of the Constitution--the one regarding the Concordat--without the socialists. We don't have to hand ourselves over as prisoners to anyone, not even in the name of the fetish of the Left."

The formula "play the field" became the slogan of those who regard the DC as a possible interlocutor, in an effort to avoid the clutches of the Craxi policy. Even the communist group leader in the Chamber of Deputies, Renato Zanghieri, made extensive use of this formula in the report he delivered to his 175 deputies, many of whom were annoyed by the remark--albeit impromptu--made by Giorgio Napolitano in a REPUBBLICA interview: "We will not," he said, "support any coalition that excludes the PSI." But it is still a small group, this group of Craxi supporters among the communists: Giancarlo Pajetta (who is, however, remaining silent) is one of those who are not afraid to support the socialist prime minister. Luciano Lama reminds us that the PSI and DC are not the same thing. Napoleone Colajanni, undaunted as always, made a forthright statement to the effect that the DC should give pleasure to a communist only when it is part of the opposition. Amidst all this stagnation, however, Occhetto went so far as to argue that the government can operate even without the socialists, thereby heightening hopes for a revival of the pro-historic compromise component, which naturally also numbers among its adherents "rodanians" such as Tonino Tato.

"But the day of the historic compromise was truly long ago," Zangheri says, disavowing any fascination for the olden days and again stating his view that the policy of disdainful rejection practiced by the PCI is the only sensible one in the face of the breakup of the five-party coalition, and that it is far better to offer a program than to talk about formulas. "Once the structural crisis of the five-party coalition was an established fact," he said smilingly, not believing what he himself was saying, "Cossiga could have called on the communists to form a government." And Reichlin, who roams the Parliament frantically and somewhat dejectedly, said impulsively: "It is bizarre that there are some who write of the internal crisis of the PCI at a time when not just a government but an entire system is falling apart. We believe that what we have today is--rather than a crisis--an increasing opportunity for opposition. Or else, quite simply, let me say it straight out: the time for the shadow government has come."

"Opposition" is the magic word that elicited applause once again for the communists both at the UNITA festivals and at Tirrenia, where Occhetto spoke to the women--applause that was impassioned and charged with internal fibrillations. The PCI suffers: the "healthy part," the honorable part, the "diverse" part finds itself confused and contradicted, more so even than its contradictory and absent-minded attitude during the governmental hiatus would indicate. And how could it be otherwise, in a party which instead of a rank and file cemented together by an ideology has a membership that is held together by certain present-day enigmatic concepts which to be sure no longer call themselves either Marxism or socialism but now call themselves sometimes ecology, sometimes tradition, sometimes the condition of labor, sometimes the condition of women, sometimes local control, sometimes disgust at the political parties that practice robbery. "We are like an immense orange-colored group of individuals, each with his or her own personal inspirations, each with his or her own concept of party policy," was the frank comment of one party official, who requested anonymity and spoke in tones half facetious and half despairing. "And all the while," he said, "that policy is disintegrating and is no longer a matter of concern to anyone."

Examples of how many arrows have pierced the communist thorax are to be found first and foremost in the state of mind of the party members. Each of them has some hot and heavy criticism to make, some incident to recount--a new desire to speak out, to attack everything and everyone, to tell everyone that the secretariat is weak, that there is no reciprocation. For symbolic purposes let us take Bologna, where today the last Berlinguerian illusion is fading--the illusion that the communists can govern by themselves the city which has belonged to them for decades almost by divine right (and by decision of the voters). Split between a "betterment" fraction headed by Lanfranco Turci, on the one hand, and the purist hard-line fraction headed by Renzo Imbeni--which took the defection of the socialists very hard, seemingly offended and astounded that the PSI had grown tired of playing the role of junior partner in the administration of the Red City--the powerful Bolognese communist organization is now ready to turn the reins of government over to a socialist mayor. Meanwhile, the president of the Region--Lanfranco Turci, an independent and managerial type--is thinking of leaving in order to head the League of Cooperatives, thereby becoming more of a manager than a politician.

Another of the core elements of the PCI is undergoing scrutiny and criticism. It is UNITA, which together with RINASCITA will be completely restructured; a study as to how to accomplish this is currently under way. UNITA no longer pleases its readers, because both the supermilitants and the modernists have occasion to find fault, although for reasons that are different and therefore perhaps never reconcilable. RINASCITA suffers from the kind of asphyxia that results from the absence of spirited intellectuals who speak their minds and throw a few stones. "During the days of the crisis," one of the editors recalls, "we repeatedly but vainly asked top-drawer politicians and intellectuals to present a somewhat theoretical, in-depth analysis of political subjects, but no one wanted to take the risk--or perhaps no one had anything to say."

An incredulous shake of the head will be the reaction of anyone who has for decades, from within a powerful organization such as that of the PCI, seen the FGCI [Italian Communist Youth Federation] hurl violent protests--in writing, on the front page of UNITA--because its festival in Naples had not been sufficiently "hosannaed" by that communist daily.

"It's the historic vendetta of the PCI," one leader laughed bitterly (the one who had been talking about the orange colors). "At first," he said, "everyone maintained that so long as we had such a presence, so long as we were so large, so long as we were so...communist--in short, so long as we were there--nothing worthwhile could be done in Italy. Well, we aren't 'there' now, and what are they doing? The same as before? By no means. They are asking us to engage in politics. But how can the only remaining genuinely political party engage in politics, when politics has been eliminated from all the other parties?"

[Box, p 14]

R.D.C.: The Battle of Sempione

Studded with subtitles bearing on the most diverse global crises, the program for the upcoming national UNITA festival carefully avoids hurting the feelings of members and supporters by not using the unpleasant phrase "crisis of the PCI." The organizers--"to avoid the suspicion of a domesticated debate"--have turned that task over to the independent players of the magazine MICROMEGA, headed by Giorgio Ruffolo and Luigi Pintor.

Few, however, believed that this year the party's great national festival would itself in turn become the cause of a crisis and of a progressive deterioration of relations between the PCI and the other residents, particularly the associations, groups, and minigroups of the Green Archipelago. And yet it has wound up in a battle involving police magistrates and stamped paper, and telegrams urging "the authorities not to stand idly by while Sempione Park is destroyed."

It is probably true that as a general rule "everyone attacks the wounded giant," and this time it wasn't a single blow they dealt him. Every time a tree branch--in the original plans--rested on the roof of a stand, a hole would have to be dug there and the space rendered unusable, so that the structure would have to be moved or other structures enlarged. That amounts to an additional 70 million or so, estimates Emilio Tommasi, superintendent at the communist construction site in Sempione Park. To this must also be added the cost of the "possible restoration" of everything to its preexisting condition, from the gravel of the paths to the patches of grassy turf. This will be the cause of still further polemics; for as the ecologist Laura Conti says, "a weed patch is sacred because it is a very powerful natural system for decontamination of the atmosphere. But," she adds, "in that case you'd have to prohibit not only the festivals but also the normal daily use of the park. It is not the PCI's platforms that attract the polemics of the Greens: it is the party's insufferably diplomatic manner of approaching all the most urgent environmental problems."

10992
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POLITICAL ITALY

PSI'S AMATO SEEN BY OFFICIALS AS POTENTIAL LEADER

Rome L'ESPRESSO in Italian 10 Aug 86 pp 15-16

[Article by Guido Quaranta: "Amato the 'Arm'"; first paragraph is L'ESPRESSO introduction]

[Text] Moving in the shadows, the undersecretary to the office of the prime minister has been the secret producer-director of the crisis. There are now many who see him as the future number two person of the PSI, or perhaps the deputy prime minister in the coming DC-led government.

The Christian Democratic deputy Mino Martinazzoli predicts that when Bettino Craxi relinquishes the reins of government--at the end of March of next year--to devote himself to the PSI, he will not be leaving Chigi Palace by himself. He will be taking with him his right-hand man Giuliano Amato, the very loyal undersecretary to the office of the prime minister. "They have become a perfect pair," Martinazzoli says. The socialist Rino Formica, on the other hand, has a different opinion. "Amato is not cut out for party work," he says. "It would be better for him to head an important ministry." For his part, socialist Undersecretary of Foreign Affairs Mario Raffaelli offers a third prediction. "It is likely that in the next government--headed by a Christian Democrat--the deputy prime ministership will go to a socialist. Well, that's the right post for Giuliano."

Eight months before the changing of the guard at Chigi Palace, speculation has already begun in the corridors of Parliament on the subject of the post-Craxi era, and specifically on the political fate of a certain undersecretary who in the course of the recent cabinet shuffle had been confirmed in his post. What lies behind this?

The explanation is simple. Although he operated behind the scenes--without attracting attention and far removed from the reporters and television cameras--the honorable Giuliano Amato has been one of the most able and active players during the governmental crisis just concluded, thereby establishing himself as a personage who is assuredly destined to achieve distinction.

It was Amato, in fact, who overcame the obstacle to the rotation of the office of prime minister--the obstacle on which the negotiations between the socialists and the DC had run aground--and devised, together with Craxi and Giulio

Andreotti, a "pilot" pact whereby the socialist-led government will survive until the end of March, at which time it will be replaced by a DC-led government that will serve until the 1988 political elections. This pact--set down painstakingly in writing--was accepted last week by the five leaders of the coalition, who were meeting there, around a single table, following a month of rancorous polemics.

This is, however, only the most recent accomplishment attributed to Amato during the almost 3 years he has been in the government.

At the time of last fall's dramatic Achille Lauro incident, which impaired relations between Italy and the United States, it was Amato who--in accord with Craxi, in concert with our secret services, and in contact with the American Department of State--disentangled the very intricate muddle surrounding the Egyptian aircraft that was diverted to Rome with Abu Abbas aboard, employing subterfuge to enable it to depart again. It was Amato who early this year--during the tormented parliamentary journey of the national budget--developed, together with the concerned ministers, the strategy to be followed in order to keep the majority united and soften up the opposition. It was Amato who, toward the middle of January, settled the explosive dispute between the leaders of the secular parties, on the one hand, and Minister of Education Franca Falcucci over the teaching of the Catholic religion in the schools, by reaching a compromise that avoided a spectacular split such as the one that occurred over the bill to establish state nursery schools which in 1966 occasioned a governmental crisis.

"He's extremely capable," is the approving comment of Minister of the Interior Oscar Luigi Scalfaro. "He is more than an undersecretary; he's a superminister," social democratic leader Franco Nicolazzi says of him. "With Amato, the prime minister finds that he has at least 50 percent of his work already done," declares the Christian Democratic head of Civil Protection, Giuseppe Zamberletti. Those who would venture historical comparisons speak of him as a Richelieu of Chigi Palace, or as the Cardinal Mazarin of the five-party coalition.

But who is this gray eminence? What is his personal history? He is a native of Turin, 48 years of age, married with two children. He is quite short in stature, with pronounced eyebrows, a nasal voice, and conversation that is somewhat sarcastic and frequently malicious. Amato describes himself as a "scholar on loan to politics." Holder of an LLB degree, he taught constitutional law at the University of Rome and is the author of a book "Istituzioni, politica, economia" [Institutions, Politics, Economics], regarded as one of the most penetrating analyses of that "distributionist" (the lexical invention is his) system, which is the source of many of our country's woes.

He has been a member of the PSI since 1958 and, in general, has posed as a strict "liberal," with some Jacobin impulses. His inspiration was former Minister of the Budget Antonio Giolitti, with whom he had worked. He propnesied the economic planning, which subsequently came to naught. He preferred to frequent the salons of the technocrats of the Left--such as Giorgio Ruffolo--rather than the party sections in Rome. And he detested Bettino Craxi, who had decided to achieve distinction by relying more on the carnation than on the hammer and sickle. No sooner had Craxi become secretary than Amato remarked that the socialists deserved a better future; and when his party was preparing to return to the government with the Christian Democratic Party, he predicted that if it did so the result would be a holocaust.

Subsequently, having corrected his skepticism regarding the PSI's fate and changed his mind regarding Craxi, he was rewarded with a parliamentary candidacy in Turin; and as soon as he was elected to the Chamber of Deputies with 32,525 votes, he was invited to Chigi Palace to serve as chief of staff of the office of the prime minister. At that moment Amato became more Craxian than Craxi: he is the loyal custodian of the prime minister's secrets; the diligent executor of his orders; his adviser; and his sponsor.

At the cabinet meetings he sits at Craxi's left, and has the privilege of participating even in the meetings of the cabinet council--the highly restricted summit of the five-party coalition. Acting in Craxi's stead, he often convenes the heads of the various ministries and on occasion gives them a dressing down: recently, for example, he took two of them--Clelio Darida and Renato Altissimo ("Rei")--to task for having made decisions with respect to some aviation industries without consulting him. On Craxi's behalf, Amato mends fences with the presidents of the two chambers of parliament, with big industry, with high finance, and with the embassies. And if someone criticizes the chief executive a little too much in the newspapers, the undersecretary to the office of the prime minister takes pen and paper in hand and replies vigorously, demanding the immediate publication of his reply.

Polished and cultured but hasty and aloof, Amato possesses three important requisites for a good adviser to the prince. First of all, he stands up to angry persons without batting an eyelash. He is a superb draftsman: he knows how to make understandable the often abstruse text of bills composed by the bureaucrats of the ministries. And he is capable of making every political decision--even the most arguable--legally plausible: the recent "pilot pact" is proof of this.

To find another undersecretary to the office of the prime minister as flexible, pragmatic, and reserved as Amato, one must go back to the early 1950's, when his post was held by Giulio Andreotti, protege of Alcide De Gasperi, the then head of government.

He is more feared than liked, and during his tenure at Chigi Palace he has collected various nicknames, all of them unpleasant. Some call him "Aramis," insinuating that--like Dumas' famous swordsman--he is at his ease only when in the midst of palace intrigues. For others he is Tigellinus, Nero's all-powerful friend. And there are even those who speak of him as a new Cesarino Rossi, Mussolini's secretary at the time of the Matteotti case.

He is unflappable. When he speaks of government business, he employs only the plural ("We lowered inflation, halted the price rise, and signed the Concordat"). He treats his critics with disdain: "Italy is a country more disposed to hate than to understand." As for his own future without Craxi, he remains vague: "We'll see. I have to give it some thought. However, it seems to me a bit early to discuss it now."

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PARTIES' INTERNAL, EXTERNAL POWER RELATIONSHIPS VIEWED

Center Party Spurns Progressives

Oslo AFTENPOSTEN in Norwegian 20 Aug 86 p 5

[Article by Einar Solvoll: "Center Party Does Not Want to Reach an Agreement With Progressive Party"]

[Text] The Center Party believes that a new nonsocialist government must be a minority government without an agreement with the Progressive Party. "We are being compelled to assume the risk with the Progressive Party on the seesaw," Johan J. Jakobsen, the party's chairman, and Johan Buttedahl, its leader in parliament, stated yesterday at a press conference.

They did not want to get into a discussion of Rolf Presthus' assertion that "the country must have a government which can get essential bills approved by the majority in Parliament."

Expecting From Conservative Party

"The statement by the chairman of the Conservative Party requires interpretation. But we expect that, when the time comes, the Conservative Party as well will be willing to form a minority government and also that during this electoral period there will be no question of entering into any reciprocal agreements with the Progressive Party, because that party's policy is much too far away from us," Buttedahl said. Jakobsen assumed that the Conservative Party would not want to refuse to regain the responsibility of governing when that becomes politically necessary.

Meanwhile the Center Party wants to oppose the Labor Party on the issues but nevertheless has a high level of ambition where regaining a position in the government is concerned, as the party chairman expressed it.

As far as the national budget for 1987 is concerned, Jakobsen repeated that the Center Party has promised to give the Government signals as to what expectations the party has so that it can give its support. "And the time for this is now upon us," he said.

The main points in this connection are that a real increase in expenditure should be expected only in high priority areas such as health services, for example. Otherwise no dramatic reductions in special areas are being contemplated. No-growth is being sought instead.

So as to avoid larger tax increases, the Center Party wants instead to impose more taxes on luxury consumption and not on the sort of consumption which affects most people, Jakobsen stated.

Vulnerable Economy

This past year, the oil economy has proven to be extremely vulnerable, and for this reason more attention must be paid to the economy of the mainland of Norway, said the Center Party's chairman, who believed that this ought to provide the basis for new growth in other areas. Wage and price increases should be slowed up and stimulation for reorganization and innovation should take place. In addition, a lower interest rate can contribute to this effort, Jakobsen stated.

There is no basis for new general tax relief next year, and in this connection a tradition of many years' standing is being broken, he asserted. On the other hand, the party does support a tax revision which would yield higher gross taxes, lower net taxes, and slower progression.

Paper Urges Nonconservatives Unite

Oslo AFTENPOSTEN in Norwegian 20 Aug 86 p 2

[Article: "Clear Nonsocialist Choice"]

[Text] Let it be said right away: The nonsocialist parties have a responsibility toward their voters. There is a nonsocialist majority in Parliament to which they have given the obligation to run things. The Progressive Party's two representatives are an essential part of this majority. We can make no sense of the semantic discussion of the extent to which Carl I. Hagen is a nonsocialist politician. The point is that the Progressive Party is not a socialist party. On the contrary, the party wants a new nonsocialist government.

It is just as obvious that a new government must make sure it has reasonable working conditions beforehand, to quote Rolf Presthus, the Conservative Party's chairman. The country needs a government which can carry out nonsocialist policy. The need for a quick change of government becomes clearer and clearer with each passing day. True to tradition, the Labor Party has entered upon a socialist course which effectively undermines everything which was built up during four-and-a-half years of nonsocialist rule.

For our part, we want to warn the middle parties in the most urgent way against being led astray by the Labor Party's suitors. It may look alluring to some when Prime Minister Gro Harlem Brundtland promises to show willingness to find solutions from the left and in towards the center in Norwegian politics, as she recently did in a report to the Labor Party's parliamentary bloc yesterday. The truth is quite different. In a number of central areas, policy is now being carried out which is fundamentally opposed to policy which was carried out by the Willoch government and which brought about its downfall.

Meanwhile in Parliament there is a majority, consisting of four parties, which wants a different government and different policy. The principal task must therefore be shaping a strategy and agreeing on the main strands in a nonsocialist government's policy. There is a parliamentary basis for a new three-party government, and, in a word, it must be possible for these parties to both discover a political basis which will unify them and make certain that they have the necessary opportunity to govern. Until the reverse should be demonstrated, we prefer to believe that the parties which were in the previous government are mature enough to put these conditions in order.

But to date we have not observed any clearly expressed willingness to bring down the socialist government and give the country new nonsocialist leadership. This despite the fact that it must be obvious to each and every nonsocialist politician that the present government's course is not designed to solve the country's problems.

Truth to tell, we fail to be impressed by wily discussions of when the autumn hunting season might start and whether it might be tactically clever to let the Harlem Brundtland government sit a little longer.

Labor, Conservative Leadership Problems

Oslo AFTENPOSTEN in Norwegian 26 Aug p 3

[Article by Trygve Monsen: "Power Shifts in Labor and Conservative Parties: Party Apparatus In Muddy Waters"]

[Text] "The Conservative Party needs a wider platform," say the marketing experts. "Well, all right," says the corps of secretaries and prepares a proposal for a Conservative Party policy on rural districts, the health system, and people who are seeking training. That is not the way things happen today. But in the Conservative Party, moving towards a 30 percent party and regaining governing power has forced the party to think new thoughts.

Within the Labor Party, traditions run the power apparatus. As long as the apparatus lasts. The old central colossus changes its character slowly. Power moves slowly out of party headquarters. Gro Harlem Brundtland's closest coworkers have not reached the summit of power after having climbed up through the party hierarchy or done a solid job on Youngstorv.

Within the Conservative Party the situation is quite different. Deliberate efforts are being made to strengthen the party apparatus and to gather power on Stortingsgate. In 1981 the problem was how putting the government together should occur without weakening the party apparatus too much and draining it of capable people.

Leveraas

After serving for a good 11 years, Ivar Leveraas is now retiring as Labor Party secretary. Just at a time when there is an avalanche in the opinion polls. Almost every seventh voter abandoned the party one month earlier this summer. In the usual fashion, the directive came out: The party leadership has to be renewed.

This time there was only one "canary bird"--Aksel Kloster--who demanded changes at the top. But the cry for a change can be louder, as the Conservative Party saw in 1983. Once again in 1983 Erling Norvik was supposed to "get the Conservative Party moving." Out with Jo Benkow!

Instead of a debate about people, many think that it might be better to ask how political work is being conducted. Are individual issues being promoted in the best way?

Some in the Labor Party are certainly shaking their heads in despair over the Government's treatment of plans for private hospitals. Scarcely one year after the health and social issue insured the government's power, the impression is being created that Tove Strand Gerhardsen, the minister of health and social affairs, is practically unconcerned about the health and well-being of the people.

Fingertip Feeling

Internally it is stated at the Labor Party that neither the leadership nor the party office has the requisite fingertip feeling. And where is the reliability when Ivar Leveraas says that there is no major problem when the party falls 5.5 percentage points in the opinion polls?

Might the Labor Party's problem be that the party office no longer finds itself in the political center? With good contacts with the mood of the party and its members, but still uncomfortably far away from the rest of society?

The change of government in May illustrates the shift of power which has been accelerating, especially after 1973, when the Labor Party had been sitting in a minority government for eight years.

The party's organs discussed the composition of the Government when, to everyone's surprise, power became theirs in May. Similarly it is clear where the power lies; around Gro Harlem Brundtland.

Where Are the Party Drones?

Nine of the 17 cabinet ministers come from the parliamentary bloc. In political circles the fact that so many civil servants have been tapped for work in the government has created a stir. What became of the typical party drone?

And what is the central party apparatus doing? It is afraid its opponents will gain effectiveness and vigor. Does the secretariat plan the shape of tomorrow's policy when 80 percent of revenues are linked to wages and social benefits for 20 employees? It cannot be easy. From inside the party comes this complaint: The party office functions only as a buffer between members and the parliamentary bloc/Government.

The extensive (and important) work with preparations, national conventions and annual meetings is carried out by the party office and the local parties. But individuals (read: the party leader) mean a great deal to the manner in which an issue is brought up.

Renewal

And how does renewal come about? Who pushes for it? Wags assert that the freedom debate did not come about to mark the centenary celebration next year but because the Willoch government brought it forward. Media policy and debureaucratization had many good aspects, it is conceded.

Some seek to travel new avenues. In the Oslo Labor Party a "network" was set up around candidates in the 1983 and 1985 elections. Non-members as well were brought in so they could participate in discussions of political initiatives before the candidate was let loose on the voters.

With at least a similar degree of desire, the Conservative Party is struggling against economics as its main opponent and approximately just as many employees. Likewise the Conservative Party is further along in its modernization of the party apparatus. It was quickly understood that the need for information would be very great after the assumption of power in 1981. There was a major overhaul of the "party machine."

Today the party office at Conservative House sees the result. One week after the astonishing change of government, written material regarding Willoch's departure was ready. Three weeks after the change of power, specially selected representatives had visited the local party organizations and explained why Willoch had to go.

The party apparatus is being strengthened deliberately. Rolf Presthus received a less demanding job precisely so he could work more on party affairs. Circumstances can now once again make a power shift difficult now that Presthus emerges as the Conservative Party's candidate for the prime minister in the wake of Willoch's "abdication." But a willingness to spread power beyond the government's office and Parliament is really there.

Thus the 80's can mean that the Conservative Party will copy the Labor Party's formula from its days of power up through 1965. A strong, well-run party machine will assure the execution of policy and ideas.

'Confusion' Regarding Progressive Party

Oslo AFTENPOSTEN in Norwegian 27 Aug 86 p 2

[Editorial: "Conversation With Hagen"]

[Text] We were certainly aware that there is great confusion in certain political circles, but a statement by Anne Enger Lahnstein, the vice chairman of the Center Party, about the confusion which reportedly reigns in her own party, is nonetheless astonishing.

What this is about is the shape and direction of the government. Statements by Rolf Presthus and other Conservative Party quarters to the effect that good working conditions have to be created before a new government is formed have created confusion and frustration in the Center Party, Mrs Lahnstein has said to the press. And there is yet more: The vice chairman of the Center Party has gone so far as to say that if the Conservative Party calls for "reasonable working conditions" in order to form a new three-party government, a new political situation has been introduced. The hint is clearly meant as a threat.

We would like to believe that voters as a rule, and this applies as well to those of the Center Party, have a hard time understanding how the well-meaning chairman of the Conservative Party could have brought about this very dramatic turn of events. Because what he is saying is nothing less than the fact that he wants to talk with the Progressive Party and Carl I. Hagen in order to "prevent unnecessary confrontation."

Judging from experiences with Carl I. Hagen's party, one can indeed wonder what an agreement with that party is really worth. Before the last election, Hagen had, as we know, made a solemn promise that he would not contribute towards bring down the nonsocialist government. Nevertheless it was the Progressive Party's two representatives who saw to it that the Willoch government was thrown out.

We have of course taken note of this, and we were the first to condemn Hagen's modus operandi. But it is certainly not possible for this to mean that those nonsocialist parties which make up the majority in Parliament during this entire period will stand sulking at the back door and not do what they can to give the country a new government. And it is also out of the question for the nonsocialists to let anything go untried so as to ensure a stable governing power. We need a government which can rally a majority behind essential policy.

If we understand Presthus correctly, this is precisely what concern him--recognizing that the nonsocialist parties have the obligation to manage the majority the voters have given them.

Whether or not they like it, the Progressive Party's two representatives are a part of this majority. And so, in one sensible way or another, they will try to adapt to the situation.

When it is obvious that the four nonsocialist parties in Parliament prefer a nonsocialist government to the present one, they ought at the very least to talk with one another to see how reasonable working conditions for a new government can be created. That such a modus operandi--a next to inevitable one--should lead to confusion and frustration within the Center Party is indeed most regrettable. Because the three parties which were previously in government cannot avoid having to exchange some words with Hagen.

Conflicts in Christian Party

Oslo AFTENPOSTEN in Norwegian 23 Aug 86 p 3

[Article by Kjell Hanssen: "Regrouping of Christian People's Party Troops: Why Not Kristiansen?"]

[Text] When someone goes on a trip, other people can talk about him. In Forde, the most important topics of conversation for the Christian People's Party's central executive group and parliamentary bloc were certainly Kare Kristiansen's absence and the country's political situation, in that order. This does not mean, however, that the Christian People's Party (KrF) was in Sogn to contemplate its own belly button. How the party feels about itself will affect the way it views the world and what it will do to it. When seen in this light, self-examination is a legitimate activity.

The KrF is not more prone to conflict than most parties. But the conflicts it does have develop in other ways and emerge in party in other areas. It is relatively easy to define other parties by their positions on economic issues, property law, free enterprise, private versus public, taxes, price policy, and savings. This is not the case with the KrF.

Sense of the Temporal

Its representatives are not without a sense of the temporal, either for themselves or for society. But they have such a sense individually. And it is the individual's chance experience which determines the party's position, not the other way around.

Support of textiles can become a leading issue for the KrF if one of its representatives happens to have been won over by the textile lobby. Or it can happen as it did in Tyssedal, where a party representative from the district said that aluminum was ethically worthier than ilmenite. On that occasion this opinion almost brought about a disaster for the Willoch government.

Likes To Do Good

It is only in the extent to which ethical ideas can be directly transferred to policy that the KrF can be said to have a clear economic profile. The party likes to do good, and, like all political do-gooders, has to do so with other people's money. If possible, good will be done by distributing more than what has been collected. Thus the KrF is an advocate of big inflationary budgets. In this regard it stands on the same ideological ground as the Labor Party.

Voters Somewhere Else

But large segments of the party's electoral mass are standing somewhere else. They are small employers or wage earners who are struggling to make ends meet. They see nothing moral in high taxes and pin higher hopes on their own efforts than on public subsidies. They are solidly nonsocialist and comprehend nothing bout the party's youth organization. (Most voters understand little about their party's youth organization.)

Schoolboy-Smart Relationship

Of the KrF's current politicians, Kare Kristiansen is the one who is the closest to this nonsocialist case of mind. In addition there is the fact that he is the only one in the leadership who has a clear and distinctive relationship to economic issues. In recent years, Bondevik and Kristiansen's party has become Bondevik's, he has both youth and pedigree on his side. But Bondevik has a schoolboy-smart relationship to economics and business and trade, not an independent approach of his own. Kristiansen, on the other hand, does, his dedication is self-taught and not learned by rote.

In relation to the rest of his party, Kristiansen also stands squarely and unambiguously in the middle of Norwegian foreign and security policy. His weakness, where these sensitive issues are concerned, is that now and then he talks before he has thought. But there is no doubting the direction of his dedication, and that direction is consistent with the security policy needs of a country with Norway's exposed location.

Unused Asset

Kristiansen should therefore be an asset to Bondevik, he covers a flank which ought to be the point of departure for the entire party. It is surprising that the parliamentary bloc does not see this and act in consequence. Instead, the impression exists that the bloc is letting him sail on his own sea and that, for his part, he has a harder and harder time recognizing the sea the others are sailing on.

In Forde the parliamentary bloc decided to tie up the loose ends. It was high time. Managing the KrF's crew is more than a piece of party business, it has immediate significance for the party's ability quickly to enter a new nonsocialist government with reliability and energy.

Not Synnes

In this regard as well, the party has another problem, Harald Synnes. In Bondevik and Kristiansen's absence, Synnes took upon himself the difficult assignment of parliamentary leader. This was more a piece of self-sacrifice than a promotion, he is not cut from the cloth that political leaders are made of. Just now, while the party is in the opposition, Bondevik can release him from the task. But this does not solve the problem. The issue once again is what the KrF will do with its support in Parliament when Bondevik leaves Parliament to become a cabinet minister in a Presthus government. The answer should be formulated before the start of the autumn session. And it had better not be Synnes.

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CSO: 369/150

BRIEFS

ELECTRONIC ESPIONAGE--A few days ago the Soviet Embassy in Lisbon requested from the Portuguese Government the authorization to install on the roof of its building on Rua Viconde Santarem "an earth station for satellite communications." The station would have been used for telephone communications with the Soviet Union, and thus the Soviet comrades would have avoided short wave and international telephone network communications. The Soviets would have used sophisticated equipment that would have made any type of listening impossible. However, technical experts contacted by our newspaper said that such a system could also serve other ends, including electronic espionage. The government is studying the request, but it is likely that the Soviet request ion will be denied for reasons related to national defense. This, moreover, has been the reaction of Western governments when faced by the same Soviet request. [Text] [Lisbon O DIABO in Portuguese 19 Aug 86 p 20] /6662

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ANKARA JOURNALISTS' UNION OPPOSES PRESS COUNCIL

Istanbul CUMHURIYET in Turkish 25 Jun 86 p 10

[Text] The Central Administrative Board of the Turkish Journalists' Union [TJU], meeting in Izmir, has also discussed the question of establishing a "Press Council" that will exercise voluntary-control by the press.

The Central Administrative Board of the TJU has issued the following statement:

"It has been a known and observed fact of late that certain activities are afoot to ensure the auto-control of the press. The self-regulation of the press in our country is a topic that has long engaged the attention of the TJU. To ensure that the Turkish public has truthful news to read under a democratic regime and that, to this end, the gathering of news can be freely practiced is one of the basic views of our union.

"Our union is also well aware that there are numerous laws on the statue book which, along with certain articles of the present constitution, hamper practicing a modern concept of journalism in our country. Like all members of Turkish society, the TJU and its members are aware that, in addition to all these legislative restrictions, prolonged martial law practices are turning into habits. The fact that the Press Law and the Turkish Penal Code contain a large number of articles hampering the freedom of the press has also been persistently aired and their amendment demanded by the TJU. The TJU has also striven for the total abolition of prohibitions in Turkey on the right to gather news freely--a right periodically curtailed for years--and on their dissemination, and has also taken up these subjects at the level of the Federation of International Journalists (FIJ), with which we are affiliated.

"Our union has never lost sight of the fact that freedom of the press heads the list of the most important components of human rights essential for democratic life. To sum up, the TJU believes that as long as the necessary amendments are not made in the legal statutes in force, one cannot speak of full freedom of the press in Turkey.

"The TJU has championed the case for a press that is at all times of high quality and honest and that will not supply false news to the citizen. To uphold the opposite view, in any case, amounts to taking up positions against the basic rights and freedoms of democracy. The TJU, which is wholeheartedly devoted to democracy, supports the functioning of all the institutions of modern democracy. The natural consequence of this is the emergence of the case for the people to control the press themselves, directly, as in the case of any other democratic institution. We hold that, rather than certain contrived arrangements, the most effective form of control would be the one exercised directly by the people in a Turkey where all the institutions of democracy function freely."

The TJU statement points out that "it is not of the opinion that an approach like 'self-regulation' would yield positive results in an environment where there is no free regulation by the people" and says: "Because of this, we are attentively following the activities aimed at establishing a 'Press Council.' We have resolved that the final decision on a subject like this, which we consider an inseparable part of Turkish democracy, should be taken following consultations with members at the union conference--the most authoritative organ of the union--to be held in October, and we consider this resolution as a requirement of democracy."

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PAPER QUESTIONS VALIDITY OF NATIONAL CULTURE FOCUS SEARCH

Istanbul CUMHURIYET in Turkish 25 Jun 86 p 2

[Article by Oktay Akbal: "Who Are Those Who Will Determine the National Culture?"]

[Text] "If we come to a decision on the proposal prepared by the Supreme Council to determine the components of national culture that will be taken as a basis of the definition and application of national policies and the selection of national goals, I believe that we will have filled a great void."

This is how the president is reported to have spoken at the meeting of the Supreme Council for the History of Ataturk Reforms [ADTYK].... So, a need is reported to exist "to determine the components of national culture." So, work has been initiated to this end!... Are we to take it, then, that our national culture was in a void until today? Had it degenerated under the influence of foreign cultures? Did the Republican era and the Ataturk reform not have a cultural policy that was particular to them? Did the generations that have come up over the past 63 years not know what the national goals were? Was it not an established fact that the contents of the components of our national culture accorded with the requirements of modern civilization and that these components were bound with the standards of civilization of the modern world we live in?

Now, out of the blue, the ADTYK has resolved "to determine the goals of national culture" at a meeting attended by the president and the prime minister as well. Who will determine these goals? Will they be the people who destroyed the Turkish Language and History Society, which Ataturk established and kept alive, who abolished the People's Houses, who closed down Ataturk's own Republican People's Party, who pushed aside those who were waging a struggle for modern civilization and culture, and who kept the arena open for anti-Ataturk thinking, or will they be those who appointed people with such an outlook to leading positions in the ADTYK in the first place?

I have long been saying that the flags of ancient Turkish states that are lined up in the background of the presidential office are some fabricated designs which have no basis in any fact, and that it is wrong to line these flags up behind the president.... Well, we see no evidence of these flags in the new newsreels of the president. I do not know if this is true, but I have heard that Honorable Evren has asked to be informed if these flags are true to historical facts, but neither the new History Society nor any other history establishment has been able to provide a convincing answer.... Nor could they, of course, as these flags which are represented as 16 stars on the Presidential Standard--and, it must be said, there have been more than 16 Turkish states in history--are plausible fabrications that have emerged in recent years. What a shame that they have been included even in some encyclopedias!

These flags have now been taken away from the presidential office, it was a good move, and I thank those who made it. But the Turkish Radio and Television Corporation [TRT] continues with great persistence to show these flags in an old photograph. These flags are not there in new footage but old pictures continue to show Honorable Evren together with these fabricated flags!... Why this persistence in a mistake? I have kept on asking who was going to provide historical information concerning these flags, and who was going to convince us on the basis of what historical documents and proofs that the shapes and forms on these flags had historical veracity! Several months have gone by and not a sound from anybody. Why, then, is the TRT persisting in such a fanatical attitude?

They say they are Ataturkists, but do not want to see or to know about the Ataturk era, about what it achieved, about what it ushered in and firmly established. The flags of the 16 Turkish states existed neither in the Ataturk era, nor in the Inonu era, nor even in the Bayar era! Nor did anybody feel a need to determine our national components. The culture of a nation is not for the president, prime minister, or ministers of that country to determine; it is the thinkers, artists, and men of letters of that nation who create, maintain, and develop that culture.... Attempts at cultural determination from the top are seen only in dictatorial regimes. Who are the people who serve on the ADTYK? If we parade them in our mind's eye, we shall see that they are not so very close to the basic principles and beliefs of the Ataturk reform. Are these the people who will now determine the cultural goals of the Turkish nation?

"We have carried out a reform; we have taken the country from one age to another," said Ataturk on 22 November 1924.... And now, are we to take our country from a new age to an old one--or, more correctly, to some place outside our age? "The aim of the reforms we have carried out and are carrying out is to raise the people of the Turkish Republic to the level of a completely modern society civilized in every sense and form. This is the basic principle of the reforms. It is imperative to wipe out concepts that do not agree with this fact." This, once again, is what Ataturk said, in 1925.

Ataturk closed down the Turkish Clubs and had the People's Houses established. Now the Turkish Clubs have reopened and, what is more, they have reopened as nests of political activity in the hands of extreme rightists.... Not a trace of our People's Houses. Their administrators have been taken to court. There is no RPP, there is no Turkish Language and History Society, and intellectuals with a modern line on art, culture, and thinking are subject to almost daily accusations.... In contrast, certain individuals who have gathered around the ADTYK, a government office in Ankara that has shown no visible activity of a positive nature over the past 3 years, are engaged in finding and determining the "national cultural components" of our nation!... You might think that these "components" somehow did not exist! As if all the generations that have come up in the past 63 years were deprived of national culture.

To determine the goals of our culture!... This can be done only by the artists, thinkers, and men of letters and culture of that nation, done not on commands from on high but done by the works they produce.... No one may command the Turkish nation, a nation that is an inseparable part of modern civilization, as to how to think, how to create, what to believe and what not to believe, and "what sort of national goal it should have."

13184/12859
CSO: 3554/128

VAN MIERT ON BUDGET CUTS, EMPLOYMENT, REGIONAL ISSUES, CVP

Brussels LE SOIR in French 30/31 Aug 86 p 2

[Interview with Karel Van Miert by Beatrice Delvaux and Guy Duplat]

[Text] In this fourth report of our series about the start of the fall season, we will take a look at the opposition, in an interview with Karel Van Miert, chairman of the Flemish socialists.

Question: The Val-Duchesse plan went through on time and the government has held firm despite the protests. Does this mean that the opposition was unable to get its message across?

Answer: We shouldn't reach conclusions too hastily. Even though the government did hold to its schedule, it did so by resorting to methods that are not really a part of the democratic tradition. Questions are still being asked and protests are still going to be made.

On the subject of education, discussions are just beginning now. On the Flemish side, even the liberal union leader, Mr De Witte, is using terms like "unheard of" and "chaos" in talking about the reopening of schools in the fall. The second hitch is jobs, where the consequences are just starting to make themselves felt. The added numbers of the unemployed will again be counted in the thousands. And the same sort of thing is true for economic growth. Despite the improvement in the international economic situation, our performances are still not very good, and are lower than the European averages.

Question; And what about debt consolidation?

Answer: The 30 billion in savings do not exist. What cynicism there is in talking about the effort the banks have made! Let me give you an excerpt of an inhouse report of the executive board of one of our major banks, which is more informative. "The objective was to make consolidation end up in an operation producing no effect whatsoever. We may consider the results highly satisfactory."

We are continuing to say that this plan is and remains unbalanced. It was designed for the benefit of financial investments, and it works to the detriment of the employed--both middle management as well as workers--and of the unemployed. Professor Kervyn de Lettenhove has also commented on this. If it continues to move ahead in this fashion, the government is going to reach a breaking point.

Alternative

Question: What is the SP's alternative policy?

Answer: Today our priorities are actions in favor of consumption and increased investments, which are now below our needs and our potential. We need selective, not general measures, sector by sector, and real corrective steps. We have to stop tossing money around wildly, as the government has been doing for the Stock Exchange, the coordination centers, and for military purchases.

Question: What about employment?

Answer: Our plan of action dating from 1982-1983 emphasized jobs and productive investments. Today those priorities still remain, but the methods have changed. For example, we need a margin of maneuver to increase labor revenues in one way or another. So the 2 percent salary moderation (the index surge is still being awaited, for it declined after what happened in the area of inflation) should be brought up for discussion again in collective bargaining negotiations.

Question: Do you believe in this interoccupational agreement?

Answer: It is clear that Andre Leysen and his colleagues are not ready to put their heart and soul into providing jobs. Even if an agreement is actually reached on employment after these discussions, it won't really mean very much. This doesn't mean that we are against the private sector, but the private sector is not much interested in the unemployed, in women, young people, or the long-term period. It is up to the government to act; it has to take specific, supplemental measures to help the unemployed who are in the hardest-hit categories.

Coalition

Question: If the present government falls, what would be your conditions for agreeing to join in a coalition government with the Social Christians or the liberals?

Answer: Our conditions are flexible: a policy designed to promote jobs and stimulate investment. In terms of boosting consumption, another of our priorities, we are open to the use of fiscal measures; they aren't a taboo for us. Another priority is industrial redeployment. A certain number of industrial policy instruments have been destroyed, and we deplore that. We must obviously get rid of bureaucratic tendencies, but we can't go too far.

Question; So business should not be afraid of the socialists any more, as you recently told the GAZET VAN ANTWERPEN?

Answer: No. Anyway, a lot of business leaders are now saying that in the past the socialists have done more to stimulate industry than the coalition now in power. Of course, the general business climate has improved, but the government's efforts have not been directed toward an industrial renewal.

And in the area of exports, we have become more and more specialized in products considered regressive. The time has come for us to create a new harmony between the industrial needs of the business community (including PME [Small and Medium-Sized Businesses]), and improved compensation for employees.

Question: You don't list the Val-Duchesse plan among your priorities. Should all of it be thrown out?

Answer: No, some measures should be kept, like the ones reducing tax advantages for the coordination centers. But we should also revise some measures, such as those affecting education. Savings do have to made in this sector, but Martens did a poor job with this. He didn't prepare an education policy; he just drafted a budget-cutting plan. We needed to broaden the debate, to think about the school pact, to stimulate cooperation between different networks. We should also revise the unemployment policy and eliminate measures delaying the retirement age, which are absurd. That type of coercive measure is antiliberal and detrimental to providing jobs for young people.

Question: Among your "musts," you also don't mention problems such as missiles or foreign policy.

Answer: The question of missiles is still there. The SPD [Social Democratic Party of Germany] candidate for chancellor in Germany, Johannes Rau, has just said that nuclear missiles should be removed from German soil. So the debate isn't over.

Missiles

Question: But you haven't said any more about getting rid of the 16 missiles based in Florennes during the 2 weeks you have been in office.

Answer: First of all, we need to make sure that no more are added to them. But we also need to make it clear that, in one way or another, these missiles are going to go. History has proven us right. It is clear now that these missiles have been of no use. Even the Americans admit that.

Question: What about foreign policy?

Answer: On South Africa, our positions are similar to the theoretical positions of the CVP [Social Christian Party], But in practice, our parties do differ, In terms of justice, too, we would use a different emphasis than the present government does,

Question: Finally, nothing seems to separate you from the CVP's left wing. And yet, Mr Dehaene cast you out into the darkness of the opposition, Why?

Answer: Before the summer vacation, people felt there was some interest in a dialogue, The CVP press sent up a few trial balloons. Frank Swaelen talked about getting the community debate started again. There was a certain amount of irresolution, even in the corridors of parliament. Then the liberals panicked. A secret meeting was apparently held behind the scenes to calm the liberals down, They decided to hold the legislative elections and the European elections at the same time, and Dehaene, whom people still suspected of leaning to the left, felt forced to attack us.

Question: But it wasn't just in the majority that there seemed to be differing shades of opinion, In your party as well, people like Louis Tobback are much more opposed to a dialogue than you are, at least according to what he has been saying.

Answer: Parliamentary tactics have to be distinguished from the party's line. I am the party chairman, the person who sets that line. I am sorry to disappoint some CVP members by repeating that I am, and I will remain, at the head of my party,

Happart

Question: Let's talk about the Happart issue. If that does blow up, can you heal the abscess better than the present majority?

Answer: No party can escape this problem. Jose Happart opposes both communities and is an obstacle standing in the way of all policies. If we had a state of law, the problem would be simple. When justice issued its verdict, there would be no further Happart problem. We would just have to follow the court ruling. But based on what I have been hearing, that will not be the case. And unfortunately, this problem will make it very hard to solve some other very important community problems. There are problems in financing regions and communities, In 2 years people will vote in the Brussels communes. That will inevitably entail some linguistic problems. Though economic and social problems are and must remain priority issues, it would be dangerous to forget the community terrain. We should be able to discuss all this calmly and collectedly--in time, before the problems erupt. But because of Happart, everything risks getting dangerously embroiled in an overheated atmosphere.

Question: Are you ready to discuss these community problems with the majority parties?

Answer: We are ready to discuss these issues within the framework of parliament, and on the condition that they be serious discussions, without side issues or delays. There are certain things that should be settled quickly, such as the status of the cadaver which the Brussels urban council has become. Others demand more serenity.

The PS

Question: What is the status of your contacts with the PS? There has been hardly any talk about meetings you may be having with them.

Answer: Maybe that's a good sign! It's better to be discreet. There are some points of agreement in terms of social security. We are working together more in parliament, I get along very well with Guy Spitaels. Like the other Flemish parties, we want to move ahead with regionalization, and for this the PS is our best ally, for the PSC [Social Christian Party] is trying to stall this movement, But here again, the Happart case tends to obstruct closer contacts. It keeps us from moving forward in regionalization, though we will have to get there some day. People may well wonder whether the heart of the Happart affair might well continue to block the movement toward a better designed state, with more responsible regions and more rational institutions for a long time yet to come.

7679
CSO: 3619/63

ECONOMISTS WARN: STRONG MEASURES NEEDED FOR ECONOMY

Oslo AFTENPOSTEN in Norwegian 19 Jul 86 p 5

[Article by Roar Ostgardsgjelten: "Economists' Advice to Finance Minister Berge: Strong Measures Needed to Straighten Out Economy"; first two paragraphs are introduction]

[Text] We have lived beyond our means these past few years. Today, after the sudden fall in oil prices, Norway faces a genuinely serious economic situation. Retrenchment measures and reductions in state budgets are necessary, as Finance Minister Gunnar Berge has announced.

Three economists, Professor Michael Hoel of the University of Oslo, Rune Gerhardsen, private secretary to the head of the Norwegian Federation of Trade Unions, and Fabio A. Manzetti, chief information officer of the Norwegian Employers' Association, agree on this point. But the three have different views of the reasons for today's economic problems and of how retrenchment in the economy should be carried out.

Gerhardsen: I believe it is necessary to initiate many retrenchment measures and do so vigorously all at once and not come up with little measures bit by bit. The effect will then be stronger and political acceptance will be much greater if we do a great deal all at once.

Hoel: The situation Norway faces is that we are now entering a period with a deficit in the balance of foreign trade of approximately 10 percent of gross national product (GNP). Even with a 2 percent annual growth in GNP, we shall have no growth in both public and private consumption for many years to come before we are back in balance again. This tells a little about the dimensions of the retrenchments which are essential.

Manzetti: I am pleased that even leading Labor Party representatives finally understand how serious the problem is and are coming forward with reasonable economic assessments. There is broad agreement that the country has lived beyond its means. But the problem the country faces today is not a phenomenon which occurred recently with the fall in oil prices. Quite the contrary, when oil revenues began to flow in, we earned five times and spent ten times as much. For this reason, we have to solve structural problems.

Gerhardsen: When we analyze today's situation, two main problems are connected: The first is that for a long time we consumed too much. The second--and just as important--main problem is that we went on a consumption "binge." Now that we have to retrench, it is important for us to retrench in those areas in which we consumed too much, and not in those areas in which we consumed too little.

In recent years we have seen greater private consumption in Norway than ever before, while on the other hand--quite obviously--we spend too little on goal-oriented training and research and development work with the exception of health and social services. I see that the Norwegian Industry Association as well is stressing the fact that we spend too little on mass transit because this is in the process of becoming a bottleneck in economic development.

Manzetti: It is a bit difficult for me to understand the direct relationship between oil revenues on the one hand and private consumption on the other. I find that a bit artificial. In any event, it is my opinion that there is no direct connection, while savings do have a direct connection with oil revenues and state expenditures.

We must also make fine distinctions in the huge growth of private consumption. For example, we have car purchases, which for the purposes of keeping national accounts is posted as private consumption, whereas in practice, even in countries like the Soviet Union, it is considered an investment. Rather, the large purchase of cars in recent years can be seen as a revival in the car population, since the earlier peak in car sales was in 1976-77. If we discount this, then we will see that private consumption has not grown as massively as 8.5 percent.

Cut

Which areas should the finance minister attack with his retrenchment measures?

Gerhardsen: There is much that must be done, from the point of view of taxes, credit policy and economic support. It may be too much to expect the finance minister to accomplish all of this in connection with one national budget.

Hoel: Keeping the balance of trade deficit in mind, it will be necessary to cut both public and private consumption. As far as public budgets are concerned, I will not mention any specific categories. Rather, we must have no growth and possibly a decline in almost all categories.

However, if I did venture to point out specific categories, it would be transfers, especially economic support, including transfers to agriculture. Indeed, in both agriculture and support for a number of industries, today there are examples of subsidies of over 100,000 kroner per man-year. Clearly this is absurd.

Gerhardsen: Economic transfers should now instead be incorporated into the Rural Committee's reserves. I think there is money to be saved here, and above all I think that employment and efficiency on the local policy level will bring about a change.

Manzetti: Today 75 percent of the state's expenditures goes into transfers. But is difficult for me to call attention to certain transfer arrangements as opposed to others. It is the job of politicians to make the choice between different categories.

Hoel: I do not think it is possible for us to adjust to a downwards trend via a drastic remedy. I think it is necessary for us to achieve no growth in combined public and private consumption. Besides, if we tighten up too much on total consumption, demand will fall so much that it will lead to excessive unemployment. What must happen in order for us to have an increase in production and at the same time no growth in domestic demand is first of all that Norwegian production replace imports and second that we in Norway should manage to export more. This means the economy will need to adjust and so will the trend in prices.

Gerhardsen: For the trade union movement, it is important that the government be willing to give employment guarantees. I also think it will be obvious to call for price guarantees. When we come to next year's mid-term adjustment, it is clear that it can be carried out more calmly if we know where we stand on employment and prices.

12789/9312
CSO: 3639/137

ECONOMIC

NORWAY

BRIEFS

FIRST LOAN SINCE 1980--Norway's first foreign loan of $500 million was fairly well received on the Eurobonds market, despite some reactions to the fact that Norwegian government bonds produce a lower yield than comparable American bonds. The loan is at an interest rate of 7.25 percent and will be repaid by August 1991. When the interest terms have altered, Norway will be loaning at a rate of under 6 percent, but the loan is nevertheless much more expensive than the loans assumed by the state in the 70's because actual interest has doubled. [Text] [Oslo AFTENPOSTEN in Norwegian 19 Jul 86 p 5] 12789/9312

BOTTOM PRICE FOR OIL--This week North Sea crude oil sold for under $9 a barrel, a price which is lower than any seen in more than a decade. Earlier in the week the price climbed back over the $9 mark, but that is a far cry from the strong upswing in price in the coming weeks which self-appointed experts have been betting on. A price of $30 per barrel, like the one a half a year ago, not to mention the $40 price in 1981, seems like a distant dream to people who benefit nicely from high oil prices--and who are now suffering with low prices. [Text] [Oslo AFTENPOSTEN in Norwegian 19 Jul 86 p 5] 12789/9312

SURPRISING DROP IN KRONE--On Monday and Tuesday's currency market, the rate for Norwegian kroner dropped surprisingly, down to a price index of 111.70 after having remained steady at a price index of around 109.50 where it had been since this May's devaluation. The Bank of Norway had to intervene with a back-up purchase of over 2 billion kroner in order to bring the exchange rate back to a price index of about 110, where the central bank will maintain the krone for a while. The drop occurred against a combination of increased inflation, lower oil prices and warnings of the need for major cuts. [Text] [Oslo AFTENPOSTEN in Norwegian 19 Jul 86 p 5] 12789/9312

CSO: 3639/137

POVERTY SEEN AFFECTING ONE-THIRD OF NATION'S FAMILIES

Lisbon SEMANARIO in Portuguese 12 Jul 86 pp 35, 36

[Article by Maria Jose Costa Felix]

[Excerpts] Poverty is "one of the most serious problems in our country." But it seems that we are becoming accustomed to it. The poor, those excluded from society, are "the others..." Nevertheless, is it possible that we do not have something to do with it as well?

Thousands of Portuguese live "condemned to conditions incompatible with the most fundamental human rights: 34 percent of all man and 40 percent of all women live in 'absolute poverty;' In 'relative poverty,' the figures are 46 percent for men and 57 percent for women."

"The most tragic cause of the non-elimination of poverty is that it is not considered a serious national problem," affirms Manuela Silva and A. Bruto da Costa, who have dedicated themselves for several years to research in this field.

In a 1985 study among families considered "poor" according to 1981 statistics, it was found that "85 percent ate no better than 4 years previously and that 39 percent ate worse." In urban centers, the percentage of those who ate worse was almost half. For example, "31 percent never drank milk."

Nevertheless, when asked, "40 percent of the families in which monthly per capita income was 4,100 escudos stated they were not poor..." Besides "objective poverty," there is "subjective poverty"--feeling oneself to be poor. "Anyone can say they are poor..."

In the end, who really are "the poor?" And what can be done to help eliminate poverty?

"Poverty, despite being 'a structural phenomenon of Portuguese society,' only began to be truly discussed when, some 5 years ago, the so-called 'new poverty' began to arise..."

Rethinking Solidarity

Across three days, in one of the completely full auditoriums of the Gulbenkian Foundation in Lisbon, sociologists, economists and social workers presented their thoughts regarding this "persistent, ancient, generalized and diffused" phenomenon. Also presented were some small concrete examples of solutions put into practice.

At the head of the commission sponsoring the seminar was Joao Rebelo de Carvalho, president of SAOM (Assistance Service of the Order of Malta). "This seminar is aimed at creating a desire for change. All society has within itself the seeds of transformation."

Poverty in our country is without a doubt not a problem only of the present, but has presently taken on new proportions. Hence the need to alert all of society to the urgency of a greater joing of wills, efforts and abilities. "We must mobilize people in the areas in which they live, in order to organize their resources. Participation must be a determining factor," affirms Manuela Silva.

"Emergency measures will not put an end to this state of things. Poverty and the poor are not the detritus of society. They absorb tensions and conflicts in the interior of society itself. They serve the function of a mirror."

One-Third of Portuguese Families are Poor

"The best known poverty is that which manifests itself in the form of a clear need," says Acacio Catarino. "The so-called 'indigents.' But there is also 'inclusive poverty'--which includes all those who are declining in standard of living." There is much "embarrassed poverty" today in Portugal.

Over the last few years, to the "traditional poor" have been added the "new poor"--perhaps they have adequate housing...they probably have a certain level of education and some professional skills...but they are particularly affected by the current crisis: unemployment, salaries in arrears, the insolvency of certain firms, inflation...

"They are one of the by-products of the process of industrial restructuring which the modern capitalist system is passing through," explains economist Manuela Silva.

Employment problems, as well as the lack of education, generate poverty, and vice versa.

States Acacio Catarino: "In February of this year (1986), 377,000 people were competing for 4,000 available jobs. Chronic unemployment especially affects young people--more than 22 percent--but, even in relation to the general pouplation, it affects more or less 8 percent. And future estimates tend to grow considerably. Some 13 percent of all workers have short-term contracts. More than a million people in Portugal are underemployed--especially in terms of productivity. At least 400,000 find themselves in the, let's say, 'informal' sector of the economy..."

In 1981, half the Portuguese population was constituted of families who lived in "relative poverty"--which means an average annual per capita income of less than some 80,000 escudos. (For 29 percent of those families, annual income was less than 50,000 escudos!)

This occurs primarily "in the interior regions, the northern coast, the Alentejo, rural areas and in localities with less than 500 inhabitants, and in "either large or small families" (not those of medium size).

The people "most exposed to the risk of poverty were women, young people, elderly workers, emmigrants and indifferent workers." And the most heavily affected professions were "small business owners, small farmers, agricultural workers employed by other parties and laborers."

There are poor in rural and urban sectors, in families whose head of household works and in those in which he does not, in all age groups, in all professional categories, and in the different geographic regions.

Poverty by Inheritance

It is not only in Portugal that "in the 80s the number of poor is greater than it was in the 70s." This is occuring all over Europe. It is just that--perhaps because of a curse--it seems that we have a tendency to face poverty "fatalistically," or else as an "exception." We have a tendency to ignore it, creating a type of utopia in which it disappears, or passively conforming ourselves to the state of things.

Thousands of Portugures are excluded from society from the very moment they are born. They inherit a lack of health and education, and difficulty of access to everything. To be born and raised in a poor family is a situation which is difficult to overcome--"a situation of exclusion."

Even before being born, the thousands of Portuguese who constitute those "others" to which we are becoming accustomed in a more or less fatalistic, passive and indifferent manner, are "poor by inheritance."

In the 1985 study by Manuela Silva and A. Bruto da Costa, "three out of four poor claimed to be the offspring of poor people. Almost 50 percent had started to work before the age of 10. Three percent of all children of that age did not eat breakfast. In the rural areas, 39 percent of them did not receive any food supplements at school; In the urban centers, that figure climbs to 59 percent. Among adolescents between 12 and 14 years of age, 17 percent already held some type of job..."

"Portugal Thinks of Itself as a Poor Country"

Micael Pereira calls attention to the image that we Portuguese have of our country: "a poor country--and not only in the sense of 'material poverty.'"

He explains: "We live with a traumatized identity--the past and distance (both in space and in time) constitute the field of our existence. It is necessary to recover our identity here in Portugal--not only as a nation, but also as people and institutions."

He also refers to the "other vector that defines us and that has much to do with poverty: The interior of the country still lives at the margin of the economic and social transformations of industrialization--which does not occur on the coast. There, there is greater material poverty but there are also community institutions which balance self-sufficiency."

13026/9190
CSO: 3542/147

UNEMPLOYMENT: 10 PERCENT FORESEEN WITH INFLATION DROP

Lisbon TEMPO ECONOMICO in Portuguese 1 Aug 86 p 5

[Article by Ilidio Barreto]

[Text] This year's unemployment rate should be about 10 percent if the job market grows by the expected 1 percent and the number of people seeking jobs remains stable. The government's shift in emphasis toward fighting unemployment will be hard put to achieve a better performance given that the Portuguese economy's fever (inflation) is under control. All despite the fact that until now, it has been consumption and not investment that has been sustaining recent growth at a rate that no one knows.

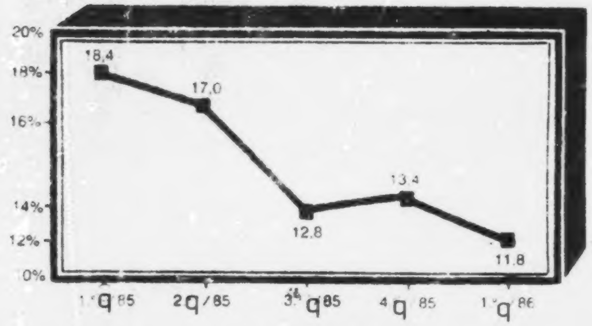
From January 1985 to March 1986, inflation slowed considerably and the process has continued until now. The unemployment rate, however, went in the other direction (see graph). It went from 10.9 percent in the first quarter of 1985 and decreased during the following 6 months. It finally went up again the following quarter until it reached 11.1 percent in the first quarter of 1986 (the last quarter for which we have data).

Based on the changes in inflation and unemployment, we came up with an internationally used indicator that gives us an idea of the joint performance of these two indicators. It is the misery index.

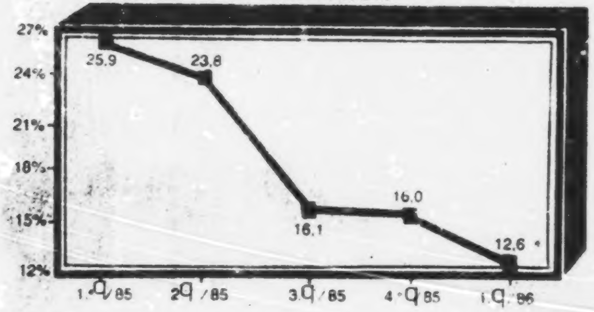
According to this indicator (which gives equal weight to inflation and unemployment), we can conclude that the overall results show a positive tendency up to the third quarter of 1985. Until this time there was a downward movement in the misery index. There was a decline in the fourth quarter of 1985 with the improvement in inflation not fully compensating for the increase in unemployment. Favorable progress was again made during the first quarter of 1986 when there was a marked slowdown in price increases that more than compensated for the slight increase in unemployment.

The Inflation-Unemployment Rule

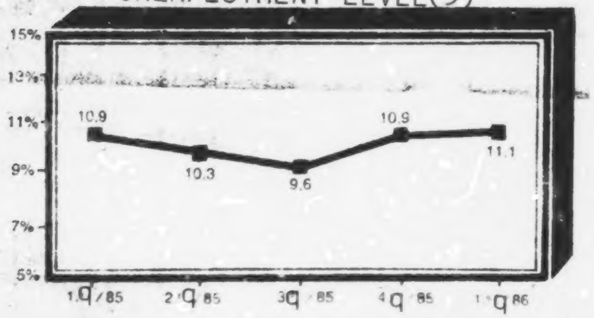
As we noted, the misery index gives equal consideration to inflation and unemployment. This means that the economic agent and the economy as a whole are indifferent to a one percentage point decrease in unemployment or inflation. Now, this is not always so. In the first place, lowering the



MISERY INDEX (1)



INFLATION (2)



UNEMPLOYMENT LEVEL(3)

(1) Inflation rate + unemployment rate/2
(2) Inflation rate for last 12 months
(3) Unemployed population/active population

unemployment rate from 15 to 14 percent is not the same as lowering it from 4 to 3 percent. The level at which these rates intersect is decisive. In the second place, the ideologic tenor of the person making the observation of the economy is also a factor (or used to be). Inflation to the more liberal carries greater importance while the more socialist observer emphasizes the fight against unemployment.

This question is valid. It is for this reason that more than a few people (or incidentally who they were) opposed the government's new emphasis on fighting inflation now and later concentrate on improving the level of unemployment.

Furthermore, there is an inverse relationship between unemployment and inflation (empirically shown by A.W. Phillips and Irving Fisher, two famous economists). There are higher inflation rates associated with low unemployment and vice versa. This is the rule. However, there can be exceptions to it and these, as a matter of fact, have been reasonably theorized.

The accompanying graphs show the 9 months between July 1985 and March 1986 as following the rule while the previous 6 months did not.

Unemployment at 10 Percent

In the same way that an oil shock or a drought can produce noticeable stagflation (more inflation and more unemployment) a counter oil shock (such as the current one) can also lead us to expect a disinflationary process accompanied by a large enough expansion that will reduce unemployment. This process temporarily eliminates the trade off between these two macro-economic problems. Of course, to achieve disinflation, supply side economic policies must be pursued to reduce production unit costs. This strategy's merits are strangely (or maybe not...) unknown to political analysts.

It is a pity that the merit of selection does not translate into implementation due to the nominal growth of wage costs and the delays in reducing social welfare contributions.

As a result, the change in priorities from inflation to unemployment could not be more opportune.

The problem is knowing at what point such a change will be successful, with 4 percent growth in gross domestic product, out of which 3 result from an increase in productivity and only one from the additional labor. This meager 1 percent increase in employment will only effectively reduce unemployment if the reduction in the number of working people that was noted at the end of 1985 is confirmed.

In the event there is no change in the working population through 1986, the one percent change will bring unemployment down to 10 percent. The larger the possible reduction in the active population, the smaller the unemployment rate there will be at the end of 1986 with the above rate of growth in employment.

Hiring Weakness

The latest available data on the labor market for the first quarter of 1986 shows that it is not the increase in unemployment that is worrisome. What is worse is that the level of employment for the second consecutive 6-month period dipped. It should be noted that an increase in unemployment does not necessarily correspond with a decrease in the employment level.

Since the active population decreased in the first quarter of 1986, it would suffice for the level of employment to have remained stable for unemployment to decrease.

This is the great weakness of the economy's employment capacity. One that appears to us to be the most serious and it may even suggest that we may put in question any possible economic growth during the beginning of 1986.

In terms of employment structure, workers with temporary contracts now represent 13.2 percent of the working population (see chart). This figure represents a decrease of almost 37,000 people who had these contracts between the fourth quarter of 1985 and the first quarter of 1986. The change for the last 15 months (with known data) has been in the successive increases and decreases in the relative number of temporary workers who have always represented more than 12 percent of the total.

This exacerbating inclination toward short term contractual agreements in the Portuguese labor market is unequivocably due to current labor legislation. As the recently published OECD report on Portugal indicated, "It is almost impossible to dismiss workers with permanent contracts." The term contracts act as one of the "escape valves" in the rigid labor regulations. Another of these extraordinary valves is the unexplicable salary in arrears.

Labor Rigidity is Unjust

It is precisely the labor market rigidity that causes unemployment to be concentrated among the most susceptible social groups: the young and women (see chart).

Since this market's conditions are rigidly framed by administrative regulations, the real cost of labor ends up being higher than the firms' expected marginal productivity. This leads to the exclusion of people who the employers feel are less capable. Young people represented more than half of the unemployed during the last 15 months. For the last quarter of 1985 the number of unemployed young people accounted for 54.8 percent of the unemployed population and for 50.2 percent of the unemployed during the first quarter of 1986.

On the other hand, if we consider sex, we note that women are most affected by unemployment. Women have represented about 60 percent of the total unemployed since the beginning of 1985.

EMPLOYMENT STRUCTURE

	1st Quarter 1985	2nd Quarter 1985	3rd Quarter 1985	4th Quarter 1985	1st Quarter 1986
Change in No. of employed	-0.9%	+0.8%	+1.6%	-2.2%	-1.1%
Self employed Total employed	25.9	26.4	26.6	25.9	24.5
Work for others Total employed	74.1	73.6	73.4	74.1	75.5
Temporary workers Work for others	11.9	13.8	12.8	14.3	13.2

UNEMPLOYMENT STRUCTURE

	1st Quarter 1985	2nd Quarter 1985	3rd Quarter 1985	4th Quarter 1985	1st Quarter 1986
Unemployed					
-Youth/total	52.5	51.5	54.7	54.8	50.2
-Women/total	59.4	61.1	59.2	60.1	59.5
Long-term unemployed % of total	41.5	40.7	45.2	44.5	42.4

Long term unemployment, which is made up by those who have been unemployed for more than 1 year and are searching for work is considerably high: between 40 to 45 percent of the people who were unemployed during the 15-month period considered. The situation is slightly worse among those people who seek their first job. Among these people, almost half has been searching for a job for more than 1 year. These figures show the dangerous nature of unemployment: there is little rotation among a large slice of unemployed people.

It is certain that only with a significant amount of investments, to renew and enlarge the productive structure, can there be a continuous decrease in unemployment. It is known that that type of investment effort was not made at the beginning of the year.

Many people have been astonished by the lack of an investment response to today's good economic environment. Perhaps they have forgotten that businessmen include risk factors and uncertainty in their management decisions. These factors cause a real increase in the required return before they can be undertaken. One important risk factor is the political-electoral element which remains negative. A majority of opinion makers are predicting weekly that this government will fall by the end of the year.

EMPLOYMENT BY SECTOR

Employed Population	1st Quarter 1986
Primary sector:	
-Number (thousands)	869.4
-% of total	21.7
Secondary sector:	
-Number (thousands)	1346.9
-% of total	33.6
Tertiary sector:	
-Number (thousands)	1785.4
-% of total	44.7
Total	
-Number (thousands)	4003.1

In addition, we cannot ignore that the levels of productive capacity utilization in the Portuguese economy were very low and there were large amounts of inventory. Since there was still a reasonable amount of capacity available to permit an increase in supply, any increase in demand (above all domestic) was sufficiently met by available supply.

It is also interesting to note that the increase in economic activity that occurred during the first months of the year was fomented by increased consumption more than by investment.

This flies in the face of the (correct) strategy announced by our government.

9935/12379
CSO: 3542/140

DETAILS GIVEN ON EMPLOYMENT RISE, DROP

Lisbon DIARIO DE NOTICIAS in Portuguese 3 Aug 86 p 5

[Text] The Labor Ministry's statistics department published a quarterly report based on a sample study that reveals a 0.3 percent drop in employment in continental Portugal for the period between December 1985 and March 1986.

During that period, the largest reductions in employment occurred in the fishing industry (11.8 percent drop), the tobacco industry (9.8 percent drop), the beverage industry (2.2 percent drop) and retailing (1.1 percent drop).

The best results for this same period were obtained in the footwear industry (3.8 percent increase) and in public utilities and the garment industry (1.5 percent increase).

According to the ministry's data, there has been a 6.7 percent decrease in employment in continental Portugal since December 1983, with construction and public works showing a 27 percent decrease in the number of jobs from then until March 1986.

Between December 1983 and March 1986, there was a 13.5 percent decrease in the number of people employed in metalworking, machinery and vehicles. Employment decreased by 10 percent in graphic arts, 9.1 percent in transportation and communications, 8.6 percent in retailing and 8.3 percent in the tobacco industry.

Six industries showed an increase in the number of job openings during that period: footwear 22.1 percent, garment industry 11.9 percent, utilities 10.3, and others by less than 1 percent.

The report also indicates that in March 1986 staff positions represented 87.2 percent of the total while temporary workers filled 12.5 percent of the jobs. However, approximately two out of three new people hired (64.2 percent) during the first quarter were temporary workers.

During the first quarter, four out of five people hired in the garment industry, lumber and cork industry, food processing and beverages, construction and public works, plastics, and fisheries were temporaries.

The number of temporary contracts made in March 1986 was higher in construction and public works (36.8 percent), footwear (25.1 percent), the garment industry (23.7 percent), and restaurants and hotels (23.7 percent).

9935/12379
CSO: 3542/140

BRIEFS

FRENCH-SPANISH TANK STUDIED--The Spanish Defense Minister, Narciso Serra, and his French counterpart, Andre Giraud, discussed the possibility of increasing cooperation between the two countries regarding armament on Saturday, 6 September, in Toulon (Var). One of the subjects discussed was the joint construction of a new combat tank, developed from the Leclerc program in France. Spain already has French-designed but Spanish-built AMX-30 tanks in its arsenal. It also has Mirage III and Mirage F-1 combat planes, Aerospatiale helicopters, and antiaircraft Roland missiles. It also produces conventional-powered Daphne-type attack submarines under French license. [Text] [Paris LE MONDE in French 9 Sep 86 p 12] /7358

CSO: 3519/245

FINNS AND SECURITY POLICY: BOOK REVIEW

Helsinki HELSINGIN SANOMAT in Finnish 15 Aug 86 p 25

[Review by Pertti Joenniemi of book "Suomalaiset ja turvallisuuspolitiikka" [Finns and Security Policy], National Defense Information Planning Committee, 1986]

[Text] Books published in defense administration circles are not generally subjects of conversation and the material in them is not treated problematically. Citizens are seen in them primarily as objects of edification.

The National Defense Information Planning Committee has deviated slightly from its traditional pattern. In honor of its 10 years of work it has published a book, which inevitably brings to mind the controversial book "Kuusi paivaa kansalaisajattelua" [Six Days of Public Thoughts] published in the 1960s. Even some of the writers are the same.

The commemorative book does not, however, have a very clear point of reference and line. A kind of common thread appears from the fact that the attitude of Finns toward defense questions and changes in public views are presented in several of the book's articles. This supplements the objective of edification characteristic of such organs as the planning committee.

The development of public opinion apparently causes some kind of quivering at the highest level of defense policy since articles on national defense responsibility and the position of the individual, the attitude of women toward compulsory military service, and conscientious objection are included. In one section of the book Major Pentti Suominen assessed the peace movement, and Matti Ruokola, a representative of the peace movement, gives an account of the movement's attitude toward Finland's security policy. However, a decent dispute on the treated subjects cannot be found.

Army's Roots Are In The Land

Also the development of the public's set of values with respect to security policy does not give cause for concern. Erik Allardt indicates that the defense forces here represent a thoroughly national institution. Its roots are in the land, in the peasant culture, and they continue to be strong. Markku Haranne, for his part, confirms that the majority of the public continues to have a positive attitude toward defense on the basis of studies of opinion polls. The insecurity, uncertainty, and feeling of helplessness experienced by the public are reflected as support for defense policy. There continues to be trust in security officials and it is hoped that they will protect them against the world.

The future causes some feelings of uncertainty. Erik Allardt states somewhat concerned that peasant skills and a form of life that has continued for a rather long time are disappearing even in Finland. Finland is presently a typical Western European society with respect to its commercial and industrial life. Are the roots of our security policy values thus withering away and is the structural basis of formulating an attitude being shaken? Allardt's treatment of the subject leaves the answer completely open.

Pertti Suhonen continues from where Allardt's discussion leaves off: the security thinking of Finns is, indeed, changing. Quantitatively, the high value placed on security remains the same -- it has not declined as has sometimes been suspected -- but attitudes are acquiring new nuances with respect to content.

The results of the most recent polls give Suhonen cause to talk about a definite division in security policy thinking.

The views of the older generation are colored, according to the results obtained, by such a weapons oriented security thinking which emphasizes the importance of freedom and a good livelihood. Independence is a value above all others, and it is achieved by making armed readiness more effective -- not by disarmament, peace work, or by such means as civil resistance.

Security Is International

The views of the younger generation are characterized by a concept of a cooperative oriented security. The threat of total destruction and the idea that the only salvation is to eliminate the danger of war lie in the background of this thinking. Armament is felt to be wrong and insufficient. Peace is an indispensable condition for security, and as a value it belongs to the same group as equality, the elimination of hunger, and the aspiration to keep nature uncorrupted. In this era of nuclear weapons security problems are not seen so much as a national issue, but, above all, as an international issue.

In her own article Lea Pulkkinen adds to the observations the information that in addition to age, gender also seems to a have a significant influence on security policy attitudes. Women are more concerned than men about the possibility of a war and consider a nuclear conflict the most probable form of warfare. Aged men and young women are clearly two mutually separate groups in many security policy questions. Their goals and values are significantly far apart from each other.

The views of younger women seem to mirror Pulkkinen's views. Thus she talks about the development of the world situation at a time when the technical level of the weapons of mass destruction threatens the future of mankind.

In her opinion, there has appeared a gulf in humanity over which a bridge can be built by making people aware. The mere communication of information is not sufficient, but common values and goals are needed.

It is not unfounded to assume that in Pulkkinen's opinion the challenge of communication is aimed at the older generation, especially men.

Rapprochement by Old Conditions

The planning committee itself would also like to build a bridge across the differences in views, but it is beginning completely from the other end. It is trying to bring attitudes closer together on the conditions of weapons oriented security views. In the preface to the commemorative book it states, rather softly, that the objective is to create the bases for understanding present security policy and -- note! -- for endorsing it. It is also self-evident that a weapons oriented element is part of it.

Concluding from the observations made by Allardt, Suhonen, and Pulkkinen the task will be demanding. The planning committee -- and more generally defense policy leadership -- will be faced with a difficult struggle against changes in values brought about by time and social development.

In his article Ralf Friberg discusses the challenges of the mass media and communication with an equal amount of tension. In a discussion observing the best traditions of public influence he draws attention to the fact that even here the media must function more in accordance with the conditions of a public society and not public power. Journalism has become independent with respect to the decision-makers, it has become more skeptical and superficial. So-called foreign policy responsibility is not included in the media as readily as it has been previously, noted Friberg.

The problems are hidden and rise to the surface in particularly surprising situations demanding rapid communication. We have already had a foretaste of such crises, but the real tests are still ahead in his opinion. Friberg urges the decision-makers and officials to adopt a more visible and active appearance. The initiative with respect to communication must be retained by us so that we are not trampled by the more clever, he demands.

1986 And All Is Well

Friberg educates the educators by stating that somewhere deep down a change in values and attitudes is taking place. An ardent listener of rock radio, a reader of underground newspapers, or an eavesdropper on discussions by secondary school students could get to its roots. An understanding of another kind of reality could be obtained by such a network.

Thus Friberg clothes in words a phenomenon which several of the book's authors have not yet observed at all. He thinks that the possible rupture of security policy between generations is still ahead of us and he clarifies his view by the fact that it is 1986 and all is still well in the republic. The National Defense Information Planning Committee's book shows that such a concept is, for the most part, correct.

10576
CSO: 3617/159

SWEDISH PAPER ON NATO VIOLATIONS OF COUNTRY'S AIRSPACE

LD111347 Moscow TASS in English 1338 GMT 11 Sep 86

[Text] Stockholm, 11 Sep (TASS)--Sweden has enhanced the readiness of its armed forces deployed along the country's western coast. The measure was adopted, GOETEBORGS-POSTEN reported, following the violation of Sweden's air space by NATO combat planes engaged in the major maneuvers of the North Atlantic Alliance currently under way in southern Norway.

This measure implies that the Swedish Navy and Air Force are enhancing observation and control over the border, primarily in Bohuslan Province.

According to Jan Tyninger, a spokesman for the Swedish Defense Headquarters, the exact number of violations had not as yet been determined. The point at issue was the intrusion of NATO, most likely American, planes into Sweden's air space on five occasions.

Swedish fighter planes took wing several times over the past few days to intercept NATO planes. NATO exercises should be conducted outside the 12-mile border of the country's territorial waters, GOETEBORGS-POSTEN emphasized. The U.S., however, recognized the boundary to pass for nautical miles from the shoreline.

From time to time, the paper said, the U.S. carried out a so-called harmless passage in the region between the 4- and 12-mile boundaries. Each time, Sweden denounced such actions.

The newspaper said one could not rule out the possibility that after the country's defense headquarters carried out a more detailed analysis of the violations, Sweden would lodge a protest with the U.S. via diplomatic channels.

/9738
CSO: 3600/36

ENERGY AUSTRIA

INCREASED ENERGY COOPERATION WITH USSR DISCUSSED

AU051105 Vienna WIENER ZEITUNG in German 5 Sep 86 p 8

[Text] Increased exchange of electricity between the Soviet Union and Austria would provide a concrete basis for widespread business activity for Austrian companies in the USSR. This was stated by Yevgeniy Petrayev, head of the Soviet Central Power Administration [Zentraler Lastverteiler], in Warmbad-Villach on Wednesday [3 September] on the occasion of the fifth annual session of the Energy Working Group in the Austrian-Soviet Commission.

According to Walter Fremuth, director general of the Austrian Federal Power Company, they discussed an increase in the electricity exchange (Austrian summer electricity in exchange for Soviet winter electricity). The possibility of buying electricity from the USSR and getting (cheaper) power for pump-fed power stations, such as Kaprun or Malta, was also discussed.

If the electricity exchange is increased, another direct current close coupling unit will be built in Vienna-Oberlaa at a cost of about 1.3 billion schillings — in addition to the one already in existence in Duernrohr, Fremuth said. This coupling unit could be completed by 1991.

In addition, an agreement is planned according to which Austria will provide "fast reserves" and the USSR "slow reserves." This is because Austria has a relatively high capacity of storage power while the USSR has a higher power plant potential.

The Soviet side also broached the idea of a "heavy" direct current line (at a voltage of 400 to 500 kilovolts) to Austria which could reduce line losses.

The possibility of power transit via Austria to Yugoslavia, Italy, Switzerland, and the FRG was also discussed. In this case, Austria would not only benefit from the transit fees but also from a higher safety system for its own network.

/9274
CSO: 3620/816

OIL CONSUMPTION DECLINED THREE PERCENT IN YEAR

Helsinki HELSINGIN SANOMAT in Finnish 11 Aug 86 p 24

[Article: "Oil Consumption Declined 3.1 Percent in Year"]

[Text] Oil consumption in Finland fell off by 3.1 percent in the last 12 months according to the statistics of the Petroleum Association. In addition to deliveries to the domestic consumer, the so-called bunkers or deliveries for the use of foreign transportation as well as the net consumption of Neste's plants were taken into account in consumption.

The sale of gasoline increased 7.5 percent from June 1985 to June 1986. The increase in sales this year was caused by the temporary increase in the use of private motor vehicles due to the civil service strike.

The sale of diesel oil increased 4.6 percent. Consumption dropped off significantly at the beginning of the year because of the weak market development in industry and construction, states the Petroleum Association.

During the period under examination the sale of light fuel oil remained at approximately the same level as in the previous corresponding period, the decline was 0.5 percent. When the effect of temperature deviations and supply changes are eliminated, the reduction in trend consumption is approximately 2 percent.

The domestic sale of heavy fuel oil declined 8.8 percent. Temperature differences as well as changes in supplies held by the consumer affect the statistics in this instance also. The supply of heavy fuel oil stockpiled by consumers decreased in the spring and summer of 1986 as buyers awaited the elimination of the so-called import fund allowance included in the price of heavy fuel oil. It is estimated that the trend consumption of heavy fuel oil declined by approximately 7 percent.

The consumption of motor fuel declined the most or by more than 20 percent. It is expected that its use in highway traffic will cease completely within a few years.

The consumption of natural gas increased 7.1 percent during the period under examination.

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- END -

JPRS-WER-86-098

6 OCTOBER 1986

West Europe Report

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BELGIUM

POLITICAL

DISSENSION RIFE AT FLEMISH SOCIALIST PARTY SUMMIT

Brussels LE SOIR in French 23/24 Aug 86 p 2

[Article by Guy Duplat: "Facts and Rumors..."]

[Text] Will the next few months be Indian Summer for Van Miert's tenure as leader of the Flemish Socialist Party? Does the infighting among its top echelons worry party stalwarts? HET VOLK and DENIEUWE GIDS, both of which happen to be pro-CVP, announced on 21 August that Karel Van Miert, "charismatic" chairman of the Socialist party since 1977, would be challenged and that the party chairmanship could revert to Ghent MP and attorney Luc Van den Bossche. The complaints reportedly stem from Van Miert's failure to garner as many votes as anticipated, and, more to the point, his having let slip any chance of the hoped-for amicable sharing of power, by having taken too hard a line. According to the Christian Democrat newspapers, Luc Van den Bossche was more of a moderate and hence "more acceptable" to the PVC, should the time come when a change in the governing coalition would become indispensable."

Former Deputy Prime Minister Willy Claes, who is still by way of being the "father" or record to the SP's "new look," categorically denies such assertions. "I have some authority," he admitted, "to speak for the whole party. And I tell you that these stories are nothing but a huge joke. Next spring, an administrative congress will meet to appoint the new chairman, and Karel Van Miert will be the sole candidate to succeed himself. All these rumors merely go to prove that the Christ[illegible] Democrats in Flanders are in trouble, and are trying to hide that fact by blowing smoke over the real nature of those troubles. I tell you that the climate within the SP has never been so serenely unruffled as it is right now."

This is not the first time there has been dissent and rumors of dissent at the top of the party. And, as always in such cases, the truth is not quite so simple as the gossips would have it.

Of course, at the top level of the SP, as in any other party, there are arguments, disagreements, and differences, and sensitive strategies to be hammered out. And there are unquestionably occasions on which Messers Claes and VanMiert have not seen eye to eye, just as Messers Tobback and Van Miert are not always tuned to the same wave-length. Hitherto, though, these whispers and rumors have never led to a change of chairmen, or to any of the heralded rifts. Van Miert is still the unchallenged chairman.

Over the past several years, there have indeed been indications of different "lines" within the party. The advent of Van Miert, Tobback, Wilcockx & Co. at the SP summit, with their pacifist issues and Third-World sympathies, and their openness toward the Christians was not everybody's cup of tea. And the Old Guard had never turned its coats to match Chairman Van Miert's new clothes. Similarly, a Willy Claes, who kept his young Turks safely tucked under his wing, has often appeared to be more of a moderate, a man more ready to sit down and talk things over, better prepared to become the next Prime Minister to head a center-left coalition.

Even so, the SP's "new" hard line showed no visible signs of softening. In the last European elections, the party walked off with what can only be described as a triumph, and Van Miert was top man in the popularity polls.

True, the sequel was not all that brilliant. Last October, the SP win fell disappointingly short of expectations. The Socialists wound up, once again, outside the ranks of government. Their socioeconomic program and their radical-pacifist approach barred them from both the chance of overturning the national governing alliance and that of reconciliation with the French-speaking Socialists and their lower profile.

The pacifist ardor had palpably cooled. Agreement was reached with the SP on practical socio-economic issues. At Luc Van den Bossche's invitation, Guy Spitaels traveled to Ghent one evening and issued his now-famous declaration: "We are friendly enemies." Karel van Miert made a few overtures.

This change in strategy was not altogether painless, though. When Van Miert made his overtures, Tobback, SP whip in the Chamber, dashed to slam every door that had been left ajar. Luc Van den Bossche—yes, again—picked up some of Van Miert's statements in the wake of the latest slaughter by the "Walloon Brabant killers" at Alost in 1985. Be it noted that the SP was strangely silent last May and June during the strike against Val-Duchesse, but that it was quick to pick up the ball late July and issue a scathing denunciation of the government's final decisions., particularly now that, while some Flemish Socialists are tempted to make sheeps'eyes at the CVP,

the CVP is unmoving as marble. After its quasi-religious election campaign against the SP last October, the CVP has sealed its doors hermetically. Jean-Luc Dehaene told us so again in an interview he gave us late in August. "A change in the coalition," he told us, "is more remote than it has ever been. There is no credible alternative."

6182

CSO:3619/62

POLITICAL SWEDEN

LARS WERNER COMMENTS ON VPK EXECUTIVE COMMITTEE MEETING

Stockholm DAGENS NYHETER in Swedish 1 Sep 86 p 12

[Article by Magdalena Ribbing: "'Abolish Collective Association': Lars Werner Pressures Social Democratic Party"]

[Text] The Social Democrats must now abolish collective association, Lars Werner, the head of the Left-Wing Communist Party (VPK), said after a VPK executive committee meeting Sunday. It is better for the Social Democrats themselves to abolish collective association than forcing a group opposed to it to come forward, Lars Werner said.

Over the weekend the VPK executive committee discussed a number of issues, among them the questions of introducing taxes on production (proms) and concentrating on low wage earners instead of lowering marginal taxes. The party program which is about to come out was also discussed, and across the country a basis is now being laid so that gradually it will emerge as the proposal the executive committee will go along with.

Collective association which the VPK wants abolished must go now, Lars Werner told DAGENS NYHETER after the meeting. But we shall await the debate in Parliament before deciding how to vote. First of all, the VPK wants the Social Democratic Party's leadership to abolish collective association.

The VPK will now pay calls on trade union branches throughout the country which have collective association. In this manner the Social Democrats' leadership will be influenced.

Concerning the introduction of a real interest rate, the party's executive committee was of the same opinion as it was in 1984, when it was suggested that the Social Democrats investigate it. High interest rates and low inflation need not be a cause for satisfaction only for insurance company dividends.

"We want to use the billions which will come in with real interest rate taxes to scrap the value-added tax on food," Lars Werner said. "And I hope the Social Democrats do not succumb to the well organized campaign which the insurance companies have initiated to fight the real interest tax. You don't deprive pensioners of their money without depriving the insurance companies of some of their dividends.

There are several sides to this issue," the head of the VPK said.

12789
CSO: 3650/302

POLITICAL SWEDEN

PAPERS VIEW FUTURE OF CONSERVATIVES UNDER BILDT

Strong Ideological Emphasis

Stockholm SVENSKA DAGBLADET in Swedish 24 Aug 86 p 2

[Editorial: "Carl Bildt Takes Over"]

[Text] On Saturday Carl Bildt was elected as the new head of the Moderate Coalition Party (M).

In Ulf Adelsohn's five years as head of the party, the M made its policies more tangible. Views which formerly had been formulated in theory were put into real practice in Parliament, county councils and municipalities. This is work from which the M will obviously derive great benefit in the years to come.

At the same time, the series of successes was broken in the 1985 elections. And the M is now fighting to recapture the position of leading nonsocialist opposition party.

Carl Bildt's speech had a strong ideological coloration. Its central theme was the role of the M as carrier of the liberal-conservative tradition of ideas.

This was naturally no accident. One of Bildt's teachers was the late Bertil af Ugglas, the party secretary of the M, one of his party's most interesting intellectuals and one of the architects behind the successes of the 1970's.

Bertil af Ugglas brought with him into political work essential assumptions derived from an analysis of society, the historical perspective, a critical reflection on the current state of things, and the capacity to have an intuitive knowledge of every development. Without a well thought out analysis of society, putting together a reliable political alternative was not worth the effort either.

And he found a disciple and like-minded colleague in Carl Bildt, who was a coworker of Gosta Bohman's at the time.

The inaugural speech gave a very clear message about the role Carl Bildt wants the M to play in the social debate. He wants to give his party a broader mission than just drawing up lists of measures and voting in political conventions. Whether he gets what he wants, and whether he succeeds in his new role, the M as well will influence the intellectual climate in Sweden.

This is a high ambition, but a necessary one for a party which views increasing politicization as a threat and not an opportunity. Sitting in political conventions and speaking out against politicization and manipulation from above, representing one's fellow citizens before the big public bureaucracies makes rather different demands on ideological consciousness and an understanding of society outside politics than does being one among several participants in the expansion of the public sector.

In his address, Carl Bildt referred to both the M's conservative tradition and its liberal side. He spoke of the meaning of values and standards, of historical links, and he defended the small units in society in a way which is not usual in Swedish political debate.

But Bildt also presented a rather different dimension of those liberal ideas than the one which in earlier decades constituted the central point of M policy. The economy and a discussion of the economic system did not predominate as strongly as they usually do when people from the M speak.

For one thing, there is a natural displacement of a central point in the fact that it is no longer particularly original for people from the M to speak in favor of a liberalization of Sweden's economy. The positions of the M in this regard are well known. And inasmuch as since the election the Liberal Party has more and more come to be identified with its traditional line, no nonsocialist party can compete with the M over who will emerge with the most liberal view on economic issues which divide the system.

But there is also a second explanation of Bildt's choice of wider efforts. Indeed, the liberal element in M policy has a number of reasons other than those which are connected with our economic system and our prospects for defending material well being.

Liberalism in its classical form also has a human face. And this emerges so very clearly when liberal policy is supported and completed by a conservative attitude.

Bildt's belief in progress played a major part in his address. But visions of change and renewal must be based on experience in order to be recognized as reliable. The classical liberal optimism about development can easily acquire the appearance of naivete if it is not based on a profound understanding of those conditions which have given rise to our civilization.

Of not the least relevance in this regard is the view of man as an individual and a fellow citizen. For socialists, politics is the art of the engineer, manipulative in its character. For the traditional conservative, politics is political science and hovers above society. But for the liberal-conservatives of today, the political mission must truly be a mission. And if it is to be accomplished, the commissioner must also be completely respected.

The part of Bildt's address which unquestionably met with the greatest sympathy on the part of his listeners was the part which, starting out with a poem by Lars Gustafsson, dealt with the M's view of man. The M meeting had just elected a new chairman. When Carl Bildt spoke of man as unique, unpredictable and individual, the meeting also approved him as its new political leader.

Carl Bildt believes in a renaissance of ethics and moral issues in the debate over society. Whether he prevails or does not, much depends on the members of the M themselves. If they are successful in further broadening the ideological debate and adding a more profound dimension to it, in the same way Gosta Bohman once succeeded, then Bildt's prophecies will come true.

So the M has advanced its positions and elevated the level of Sweden's debate over society. The latter is truly as important as the former.

Conservative Profile Threatens Unity

Stockholm DAGENS NYHETER in Swedish 31 Aug 86 p 16

[Commentary by Sven Svensson: "Bohman Line Emerged Victorious in Moderate Coalition Party; Nonsocialist Fight Put On Hold"; first paragraph is introduction]

[Text] Carl Bildt's "speech from the throne" one week ago was full of indications which portend a fight among the nonsocialists. There are also clear signals in the speech that the Moderate Coalition Party (M) under Carl Bildt wants an international role for itself.

The Bohman line was emerged victorious in the M since the abatement of the post-election defeat shock. Gosta Bohman's summer speech in Furusund and Carl Bildt's inaugural address after the election of the party leader were carbon copies of one another. When the fall political season kicks off in earnest, the usual civil war within the opposition for general nonsocialist voters will recommence.

As early as the electoral commosion in 1982, the M was sticking knives in the back of the Falldin-Ullsten government. The nonsocialist centrist government which intervened, to the Social Democrats' unconcealed joy, suffered major disgrace on account of the tax settlement reached on that incredible night and the centrist line negotiations with the Soviet Union over dividing the Baltic Sea along with the submarine violations.

According to Ulf Adelsohn, Russian soldiers breakfasted on Swedish islands and Carl Bildt delivered a security policy program which was the kindest towards NATO and the military which has been seen in Sweden in many a moon. Only armaments could guarantee peace and the liberation of Eastern Europe was a prerequisite for peace.

Ulf Adelsohn soon changed his tune. When the M national committee met at Parliament House at the end of October 1984, Adelsohn said the following in his introductory address:

Phoenix Bird (Liberal Party)
"We of the M shall put together our policy according to the way we think Sweden ought to be governed. And of course we shall do so based on our own assessments. But we are well aware that without a majority of our own, no one can dictate policy, indeed it can scarcely happen even when there is such a majority. For us to win a hearing for our policy, we must first of all show strength in elections, but we must also have opportunities to win support from the Liberal and Center Parties through mutual give and take."

The most important factor behind Ulf Adelsohn's change of course was the fact that the M, with its 23.6 percent in the 1982 election, became the nonsocialist party which clearly dominated. Buoyed by the electoral result, Ulf Adelsohn declared himself the nonsocialist candidate for the prime ministership.

But Ulf Adelsohn did not settle the debate over the system change with the Social Democrats in the commotion of the 1985 elections. The dreams of the M about becoming the comprehensive nonsocialist coalition party were shelved for the forseeable future. In its electoral surge, Liberal Party leader Bengt Westerberg rose up like the Phoenix Bird from the ashes, and walked off with frightened general nonsocialist voters.

The election of Carl Bildt as leader of the M just a little over one week ago shows that the Bohman line about the M's profile is returning to a place of honor after a brief period with Adelsohn. In his comments, Bildt said that he sees himself as the leader of the M. He could not give any special pledges about nonsocialist three-party cooperation.

M philosophy is the following:

Three-party cooperation is fine if the M benefits or if it can be utilized to harm Bengt Westerberg or Karin Soder as the case may be with swing general nonsocialist voters.

Seesaw Principle
This egotistical party attitude is embellished by the M's seesaw principle. The message of this principle is that the more imposing the M becomes at the far end through sharply defined policy, the greater are its chances of neutralizing the Social Democrats and the Left Wing Communists on the other end.

This analysis is showing cracks. The historic change of government in 1976 was brought about first and foremost by the fact that the Center Party made incursions into the Social Democratic Party, which pursued an overly large-scale policy on nuclear energy and the environment, and in the 1985 debate on the change in system, the Social Democrats managed the reverse, thanks to the scare from the right.

Spearhead Again
Return to the Bohman line, especially after the electoral defeat of 1985, means that the Liberal Party and the Center Party will get to act as spearheads against the Social Democrats, while at the same time they run the risk of being stabbed in the back by the M.

In one important respect, the political situation is really altered. After they defected from two nonsocialist governments in Bohman's time, the M no longer has any obvious authority as the clearest reason for a three-party alternative.

For this reason Carl Bildt with his inaugural remarks probably put himself in a defensive position. Bildt will frequently get to answer questions about his notions of nonsocialist three-party cooperation and how the vision of a nonsocialist three-party government is coming along.

Rejected

Here too the change in party leadership points to a change of course in M policy. Carl Bildt's inaugural address was only a sample of his criticism of society. Without naming names, just about everything the Social Democrats have done for more than 40 years in government was rejected.

In the collectivism which the Social Democratic Party stood for was born the art of the social engineer. Ambitious time-study experts who were its pioneers came to look at everyday Swedish life and grew horrified at an educational institution as old-fashioned as the family, at a cramming machine as antiquated as the school, and at a governing apparatus as impractical and static as the state governed by law, as Bildt's rhetoric put it in the bedecked second chamber room.

And the result, according to Carl Bildt, was an empty individual, brought up among suburbs, glass and concrete, with declarations of incapacity by the social services and overseen by Statistics Sweden, entangled in Inconvenience-Sweden's maze of rules, warnings, and cares.

Not Taken Seriously

Unfortunately for Carl Bildt, there is no one who really took his double blend of neoliberalism and conservatism seriously. Ingvar Carlsson has clearly had more important matters before him than debating the newest arrival in the guild of party leaders.

Bildt himself spoke of a third difference on his coronation as party leader. Carl Bildt has a more international orientation than Ulf Adelsohn, who did not even want to be the head of the Swedish delegation to the Nordic Council.

Carl Bildt's fortune was made when the submarine commission was at work.

In the report on the violations in Harsfjard, the Soviet Union was singled out as responsible for the violations and, as a deft master at formulations, Carl Bildt had many fingers in the pie.

Bull of Excommunication Produced Public Relations

The bull of excommunication which Olof Palme, in the name of the entire government, promulgated by degrees against his relation Carl Bildt on account of an excursion to the Pentagon added extra zest to the soup. The bull was good public relations for Bildt.

Since his elevation to the position of party leader, Carl Bildt has made proportionately positive statements about Palme. Bildt no longer questions the important role Palme played in shaping opinion in the foreign policy area, and Bildt is willing to become a new Palme.

Bildt underwent his first foreign policy test during the confusing summer debate over sanctions against South Africa. The Social Democrats slipped and slid at the beginning, and, in usual party secretary fashion, Sten Andersson attempted to repair the damage by asking party leaders to make a common statement.

South Africa is a hard nut for the conservative parties to crack, and after a good deal of clamoring about one-horse towns, Bildt, through some minor alterations in the statement, had a reference to a resolution in Parliament from last spring inserted.

That Bildt got the statement approved is due above all to the fact that Bengt Westerberg and Karin Soder were altogether too quick to associate themselves with Sten Andersson's proposal.

European Communities in Transition

In the international arena, policy towards Europe in particular is in rapid transition and development. Even more countries are becoming members of the European Communities (EC). In Denmark the full membership is a controversial issue which has been settled. Norway is said to be knocking on the EC door and it is not a historical given that Sweden can continue with its free trade agreement into eternity.

Furthermore, in Sweden domestic political decisions depend on EC development, which up through 1992 will create a free market for goods, capital, services and people.

Sweden is now linking its conduct on the South African issue to the EC countries' position, catalytic converters on cars depend on the EC's decision and the same is true of research and technical development to keep even with the United States and Japan.

As the leader of the Social Democratic Party, Olof Palme played an important role shaping opinion in world policy. Carl Bildt as the leader of the M--the party of freedom and progress, according to his own characterization at the coronation--is striving for a European role. Through an extensive network of contacts, primarily among brother parties in various countries, Bildt has laid good groundwork for his international appearance on the Swedish political scene.

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BRIEFS

CONTINUED AID TO VIETNAM--Last Tuesday, SIDA (expansion unknown) decided to suggest to the government that Vietnam receive continued aid of 60 million kronor in order to improve its electric system. The aid would be given during a three-year period for the purpose of increasing reliability of service and production of electricla energy. It concerns, among other things, improving hydro-electric power stations and buying reserve parts and equipment. SIDA also decided to suggest continued aid of 10 million kronor for a trade school in conjunction with the pulp and paper-mill, Bai Bang. [Text] [Stockholm DAGENS NYHETER in Swedish 20 Aug 86 p 11] 12339

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MILITARY DENMARK

DEFENSE MINISTER: 'FOOTNOTES' HAVE HURT IMAGE IN NATO

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 86 p 7

[Article by Nils Eric Boesgaard and Ole Dall: "Engell: NATO Surprised at Denmark"]

[Text] Defense Minister Hans Engell thinks that the footnotes have harmed our reputation. Lasse Budtz (Social Democratic Party) would like to see fewer footnotes, and he does not think that the government has done enough to prevent them. Both politicians are happy about the NATO dialogue between Denmark and Norway.

"It would be nice if we together with Norway can come to a common stand on the wording of NATO policy."

Defense Minister Hans Engell (Conservative Party) comments thus on the agreement between the Danish and Norwegian prime ministers regarding the fact that the two countries should attempt to coordinate their efforts in NATO and put the brakes on footnotes to communique texts.

As defense minister, Engell has had to deliver footnotes, among other things, in connection with communiques on NATO missiles in West Europe and the so-called Star Wars Project (SDI).

Hans Engell says:

"Today it is indeed the case that the very communique texts which are framed by the alliance are read first and foremost by security policy experts in the East and West--and to a lesser extent by the people of the countries they are directed toward. They are very complicated and it is necessary to be able to read between the lines, to make interpretations of them, and to be in possession of not inconsiderable expertise in order to understand them."

"The wording is an expression of the outcome which has been arrived at in the discussions. When there are, all the same, countries which do not agree, then it is necessary to detach oneself by means of footnotes."

Social Democratic Party: Fewer Footnotes--Splendid

Hans Engell says about the consequences of the Danish footnotes in NATO:

"There is no doubt that the footnote policy has harmed Denmark's reputation among the allies. It is obvious that the other countries do not comprehend Denmark's critical attitude toward the medium-range missiles, which we will have none of."

"Also not understood is the Danes' refusal to pay for the joint NATO infrastructure, and there is surprise over the fact that Denmark refuses in advance to take part in the discussions about SDI at a time when the realization of the project lies 5 to 10 years into the future."

The Social Democratic Party's security policy spokesman, Lasse Budtz, is happy about the contact between the Danish and Norwegian governments.

"We think that it is a splendid idea to work for fewer footnotes. It could certainly be imagined--as Norwegian Prime Minister Gro Harlem Brundtland (Social Democratic Party) apparently suggested--that an attempt was made to have the communique texts so worded as to not to try to force a number of countries to sign something which they actually are against," Lasse Budtz says, who names two reasons that the Danisn footnotes have been necessary:

"First, the Danish Folketing majority in some cases did not agree with the NATO organization and the NATO majority; and, second, the government did not attempt to a sufficient degree to word the communiques so that the footnotes could be avoided."

Lasse Budtz does not think that the NATO coalition between the Social Democratic Norwegian government and tne four-party-coalition government is an expression of Norwegian criticism of the Danish Social Democrats' stand. Budtz refers, among other things, to the discussion he had on Wednesday together with party comrades Kjeld Olesen and Svend Auken with Sweden's and Norway's foreign affairs ministers. "It was a question of almost completely identical views," Lasse Budtz says.

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SECURITY COUNCIL STUDY LABELS PROTECTIVE DEFENSE 'ABSURD'

Copenhagen BERLINGSKE AFTEN in Danish 8-14 Aug 86 p 7

[Op Ed Article by Michael Clemmesen: "Nonoffensive Defense Deserves Oblivion"; first paragraph is BERLINGSKE AFTEN introduction; passages within slantlines published in italics]

[Text] The Security and Arms Reduction Policy Committee (SNU) has just published Major Michael Clemmesen's pamphlet "Regarding the Nonoffensive Defense". Major Clemmesen, who, among other things, has been a member of SNU's chairmanship and of the Armed Forces Staff's longterm planning panel here analyzes the ideas concerning the nonoffensive defense.

As a step along the Danish left wing's path toward security policy maturity, the nonoffensive defense model deserves not to be forgotten. As a solution for Danish defense problems it is absurd.

At one period the security policy debate here at home circled around the positive sounding ideas of the Nordic nuclear-weapons-free zone and the "nonoffensive" defense system. For a rather long time considerable uncertainty prevailed regarding what the concept of a "nonoffensive defense" covered, but the past year the situation has improved in the sense that two models have been introduced under the fashionably correct name: Anders Boserup's Danish version of the West German Horst Afheldt's front technology territorial defense, and the Social Democratic nonoffensive defense. Boserup's model has been supported by the non-pacifist section of the SF [Socialist People's Party].

The Social Democratic model has very little in common with Boserup's, over and beyond the name. It is actually just a question of a proposal for adjustments of the present defense structure, a proposal which contains elements of varying logical content and coherence among themselves. This is due to the fact that the roots of these elements are quite different. Accordingly, only some parts of the Social Democratic proposal can be viewed in logical coherence with the ideas which lie behind the West European (West German) debate on a nonoffensive or reformed defense of West Europe. In one area it can be said that the Social Democratic proposal is in direct antagonism to this debate's stands. The proposal is being contemplated of withdrawing a brigade from the solidary defense of the Danish-German area with a view toward the guarding of the reinforcement infrastructure against quite improbable threats. Danish dependence on the USA's and Great Britain's defense policy decisions and actions regarding our country will thereby increase. At the same time the influence we have directly today on our defense in the United Command will be reduced further. The step will, besides, possibly be able to have both a military and political destabilizing effect and accordingly come to clash with the goals which the West German Social Democrats have with their defense policy ideas. An isolationist step will be taken without regard for relevant military and political factors.

Because of the fact that the Social Democratic proposal has been so incoherently put together, it is unsuited as a point of departure for a general analysis of the nonoffensive defense. I will take my point of departure in the purest of the models presented in the European debate, that of Horst Afheldt. According to it, the defense is to be based partly on small units with antitank weapons which are distributed over the country in a "network," and in part it is to contain a smaller number of units with somewhat longer-range missile weapons. The defense works by the attacker's massive units and tanks, etc., gradually undergoing attrition during conquest of the territory. The certainty of heavy losses will have a deterrent effect and consequently prevent the attack. The model cannot be said to be threatening, because it can be effective against the enemy only after he has advanced into the defenders' land area. Among other things, by always being prepared to make an effort, but also by not threatening, the model will have a stabilizing effect in a crisis situation.

Is It Defensive?

A military defense must be able to protect the country's assets and interests. If a country wants only to protect what it has against other countries' military encroachments, it can be said that the defense system has served these interests totally if it can prevent the situation--a war--in which such attacks are probable. If it is not able to prevent a war all the same, the defense's mission, however, must still be to protect the country's assets and interests. This implies, among other things, that the military forces must be able somewhat effectively to counter an invasion and the direct effect of weapons. If the war quite definitely will be a nuclear war, this second mission is impossible. But if this catastrophe is prevented, if the conflict is kept at a conventional level, the situation is a different one. For it is not impossible to establish reasonably effective coverage of considerable parts of one's country's assets. The network defense has relinquished beforehand the affording of such physical coverage. As the guerilla seeks cover among the people and the assets which it must be the defense system's mission to protect in a war, too, and thereby makes it probable that the people and assets will be exposed to massive destruction in battle. The more effective the forces are and the more there are of them which join the effort, the greater and more widespread the destruction will be.

Therefore it can be said that a network defense is certainly defensive in the sense that it is not offensive. But in the word "defensive" resides also an ability to ward off and protect. Such an ability is not, as mentioned, the idea the network defense is to have. If it is to operate in a war, it is necessary to face the fact that the country will be exposed to Beirut's destruction. Based on these considerations it can be said that it is false advertising to characterize the network defense as "defensive"; /in its main idea it is deterrent, just like nuclear forces./ As they, too, it is in all essentials to be effective by preventing war and attacks. However, there is nothing invidious about this if it can be expected that this type of territorial defense--as the Swiss model--will be effective in its prevention.

Is It Effective?

It is presumed that the network defense will be effective, i.e., war preventing, in two ways, each associated with its possibility for the start of a war. By not being threatening, the fact is attained that in a crisis situation the Soviet Union will not /feel itself forced/ to "strike first" in order to avoid NATO's striking first. By its high readiness to make an effort it will be guaranteed that the Soviet Union will not be presented with NATO weaknesses which one could /feel tempted/ to exploit in a crisis.

If it were only the first possibility which appeared realistic, it would be logical to proceed to total unilateral disarmament rather than maintain a defense system, for nothing is, viewed first-hand, less threatening than no weapons. It is accordingly also regarded as a possibility that the Soviet Union could feel tempted toward aggression. Accordingly, the model stands and falls in its supporters' eyes, too, by the fact that there is probability that it will be judged as militarily effective by the Soviet general staff (as well as implicitly by the fact that Western political leaders have such faith in the effectiveness of the deterrent that in their political decisions they are able to ignore the fact that if it goes wrong all the same this defense has no protective effect).

Viewed from Soviet military quarters, the effectiveness of this Western defense system depends on to how great an extent it is able to counter and ward off Soviet military and political opportunities for action.

The network defense is based on the attrition of a massive attack by armored forces into West Europe, an attack which as a minimum has the Federal Republic of Germany's territory as a geographical target. The defense system's effort must ensure that a break takes place, owing to fatigue, in which the sides are forced to the negotiating table. The network defense must guarantee that West Europe is not confronted by an attack with a fait accompli.

Two questions arise for the Soviet general staff:

/1. Can the defense system cope with a massive attack?/

As mentioned, the nonoffensive defense is based on a more or less stationary system with many very small units with light specialized weapons and fewer somewhat larger units with longer-range specialized weapons.

It is the very high degree of specialization which creates distinct limitations for this defense system. Its effectiveness is based on the fact that the attacker will be able to act only in the way that the defense system has been specialized to counter. It can be said already today that the Warsaw Pact's land forces--for other reasons--have changed tactics and the composition of units to such a high degree that the network defense's assumptions with regard to the attacker's weaknesses are no longer valid. Short- and longer-range antitank and air defense weapons cannot do much against the growing and ever better armed infantry and against the ever enlarged and more effective conventional artillery which are part of the Warsaw Pact's forces. If considerable losses are to be avoided it is possible that the Soviet attack's tempo will have to be set somewhat lower than perhaps could be desired. But, so viewed, this is also acceptable, for with West Europe's defense structured as a network defense, it will be possible to be able as a matter of course to take the time desired. No Western action--aside from the terribly demonstrative and, under the model's conditions, not very probable stepping up to the use of nuclear weapons--will be able to worsen the attacker's situation so much that he is forced to consider a negotiation solution. It is, moreover, a considerable weakness of the network defense that it will come to anything other than selective application only if the attacker stupidly seeks to conquer the entire territory directly by military means. This is not very probable. He will go after the economic and political key areas, after which it can be counted on that the resistance will cease after a short time. Only a very limited part of the stationary network defense system will get to work.

/2. Can the new defense system be outflanked?/

Because of this model's unequivocal concentration on the military situation on land and, within this, on the duel between military forces, it is in reality like a shield which shades off the light without covering the vulnerable part of the body. The fact has been ignored that the destruction of the opponent's military forces is not the goal, just one of the paths toward the goal, to influence him to act as desired. /A second path/, which the model renounces, but which is still at the Soviet Union's disposal, is to influence the opponent's will to continue the fight by cutting him off from his supplies. West Europe is vitally dependent on communications between the area's individual parts, as well as on overseas communications. Internal communications and the production apparatus are directly exposed by the network defense (accordingly, as far as Denmark is concerned, communications, vital for Zealand, over the Great Belt), and the same holds true for overseas communications. It could certainly be said that maintenance of the network defense on dry land does not rule out the maintenance of NATO's fleets, but this is not a satisfactory answer. A change to the network defense will free such large Soviet air forces (for air supremacy over a certain altitude will be totally surrendered after this and not contested) that the situation in the Norwegian Sea, North Sea, the Channel and the Mediterannean will be drastically changed to the Soviet Union's advantage.

/A third path/ will be the more direct path to West Europeans' will to fight, i.e., to the credibility of the deterrence. It would be possible--as has been done under other conditions right since NATO's establishment--to play on West European vulnerability, which with the introduction of a network defense has been made absolute and unilateral. It will all the time--and correctly--be able to be stated that to carry the defense system into effect will be to carry into effect one's own destruction, and without achieving any considerable defense effect. Adaptation under pressure will be the only rational expedient, as Denmark did during the period of 1933-1943 and as Poland has done in this decade. This will be the advice the professional military advisors will have to give if they are to advise rationally.

Even within this model's very narrow bounds, the network defense is not effective, and because of the considerable field of opportunities for action which lie outside the model's focus and possibilities, it deserves only to be forgotten as anything other than a step along the Danish left wing's path toward security policy maturity. This applies even if the model is extended to all of West Europe (as is desired); to see it as a solution to Denmark's defense problems is absurd.

It is only in one way that the debate about the nonoffensive defense--about both models--represents progress. It is the first time after the war that the political debate regarding the defense system here at home has revolved around possibilities and priorities.

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MILITARY DENMARK

CIVIL PREPAREDNESS OFFICIAL POINTS OUT DEFICIENCIES

Copenhagen BERLINGSKE TIDENDE in Danish 13 Aug 86 pp 12-13

[Op Ed article by Michael Elmquist, cand. jur. [Bachelor of Laws] and section chief in the Civil Defense Administration with civil preparedness as his area of responsibility, and longterm employee of NATO Directorate for Civil Preparedness, Brussels: "Not Just Gunpowder and Bullets"; passages within slantlines published in italics]

[Text] Denmark's security policy is based on a "total defense." If the civilian side does not function satisfactorily, the defense system will lose its credibility.

Denmark is a member of NATO. Denmark's security is therefore inextricably tied to NATO's higher-ranking strategy. For years the supporting element of NATO's strategy has been that an armed conflict between NATO and the Warsaw Pact should be avoided through "deterrence."

The concept of deterrence includes the fact that it must be obvious to any adversary that if he begins an attack against NATO he will first have to defeat so strong a defense system that the attack's success will be uncertain, and, secondly, he will expose himself to retaliation which can inflict unacceptable losses on him. When one talks about the balance of power, it is therefore uninteresting whether there is a balance between the power blocs' ability to attack. The interesting thing is the balance between their ability to survive an attack and to retaliate for an attack.

It can be compared with the situation in a typical western: Two cowboys face one another, ready to duel. They are both equipped with an effective attack--revolvers--but the only defense consists in drawing faster and hitting more certainly than the opponent. The fight is inevitable. Now if one cowboy was dressed in a bullet-proof vest, would the other then dare to duel? And if they both were dressed in bullet-proof vests, then the fight would presumably be called off.

President Reagan has proposed that the USA put on a bullet-proof vest. It is called the "Strategic Defense Initiative" (SDI), but is better known by the name the "Star Wars Program."

It can be no surprise that the Soviet Union is an opponent of SDI, although SDI does not necessarily increase the USA's ability to attack the Soviet Union. For SDI increases the USA's ability to survive an attack and to retaliate for an attack.

West Europe--and Denmark especially--has neither the economic nor technical ability to copy the American Star Wars Program. The threat against our countries consists not (only) in ballistic missiles, but in attacks by land forces, amphibian forces or air-landing forces, attacks by bombers, chemical attacks and medium-range missiles with nuclear warheads. There is no possibility of stopping such attacks with laser beams from a satellite.

Do we have an alternative then? Do we have any possibility of ensuring that our people and our society can at all survive an attack? We must in any case realize that the military defense system's role is to beat off the enemy, to maintain Danish sovereignty, but not to protect the people against the consequences of an attack.

So we have in return the civil defense system. Sirens are to warn the people of a coming attack, air-raid shelters are to protect them (those there is room for) against the effects of the attack, and after the attack the deployment forces are to put out fires, rescue victims from the ruins and transport the wounded to hospitals. The civil defense system does not have the necessary strength and effectiveness today, but there is reason to believe that the existing shortcomings will be remedied. The political compromise which was entered into in 1984 laid the foundation for a redressing of the damage which many years of economic starvation had brought about.

The civil defense system is necessary, but however it is not sufficient. It is not enough for the people to survive an attack in the short term if after this they perish as the result of hunger, thirst or epidemics. The survival of the community in the longer term will depend on civil preparedness. The importance of civil preparedness increases in proportion to the community's vulnerability.

And the Danish community is becoming ever more vulnerable. There are many reasons for this, but the following can be underlined as the most important:

1. The concentration of production in larger units.

2. The rapid turnover of goods.

3. The dependence of production on imports.

4. The dependence of production and distribution on modern technology.

5. The individual consumer's dependence on electricity.

/Concentration in larger units/ is familiar in almost every kind of production. Of great significance for the community's vulnerability is, for example, the concentration of electricity production at a few but very large power plants; the production of batteries, which today is concentrated in a single factory;

the production of medicines and various kinds of equipment for hospitals (plastic bags for drops, pressurized bottles containing medical gases, etc.), which is performed at very few specialized factories. If a single one of these electric power plants or factories is hit, it can have catastrophic consequences for the entire community.

/The rapid turnover of goods/ is for good reasons a goal for any firm. Stock costs money, partly in direct expenses and partly in the form of the lost interest the frozen capital involves. But the shortage of stock also means the shortage of stockpiles. If production comes to a stop, the shortage will be able to be noticed immediately by consumers.

/A dependence on imports/ is unavoidable for a country which has so few raw materials as the case is in Denmark. Of course we can hope that trade with the other NATO countries will be able to be maintained under wartime conditions, but a major portion of our imports comes from countries outside NATO's area, from both neutral and Warsaw Pact countries. We have safeguarded ourselves in the area of oil with extensive oil reserves. If production is to be safeguarded we must also have reserves of other imported goods.

/The dependence on modern technology/ applies both within production and within the transport systems which are the prerequisite for products' being able to reach consumers. Electronic data processing systems are terribly vulnerable. Jolts, the effect of heat or electronic effects can put them out of operation. If the systems fail, in the best case it will result in considerable delays in production and distribution, and in the worst case, a total halt.

/The individual consumer/ is today far more poorly prepared to cope with an emergency than was the case during the Second World War. Food is stored not in cans, but in the freezer; the heating of homes and the preparation of food require electricity; personal hygiene requires running water, which again is dependent on electricity. Sweden is considering requiring that new houses be equipped with fireplaces in order to ensure the necessary heating and preparation of food in case of electrical failures. Here at home we know of ordinances which forbid the installation of fireplaces, not out of regard for the danger of fire, but out of regard for ensuring the necessary support for a district heating plant. That district heating is also vulnerable can be testified to by a whole lot of people in Aalborg.

The planning of civil preparedness in Denmark got the starting gun when King Frederik IX on the evening before Christmas Eve in 1959 at the hunting lodge in Trend ratified with his signature "Law No 342 Concerning Civil Preparedness." Since 1959 the planning has been concentrated largely speaking on securing the government's and central administration's functions in war. Most of the planning has been performed in the quiet, for plans on paper and air-raid shelter facilities do not attract the same interest from the media as tanks, submarines and fighter planes. The oil crisis in 1973 changed the perception a little. It became suddenly clear how sensitive the community is to political and economic pressure in the form of an embargo. The result was the decision to build up oil reserves, financed by a (quite small) consumption tax.

With the legislative amendment which went into effect on 1 July 1985, a new element entered preparedness: Municipalities and counties now received the obligation of independently planning their civil preparedness. The importance of municipal civil preparedness can hardly be overestimated. The water supply, sewage system, trash collection, nursing homes, schools, and the dispensing of social services are some municipal areas which must be able to function during a war if the community is not to break down. If fathers are to be called up for military service and mothers must be able to function in an occupation of importance to the community--possibly with longer working hours--childcare services will be of direct importance for whether the total defense system will function. It has often been the experience that a soldier's efficiency is reduced if he does not have the assurance that someone is taking care of the family at home.

As a planning area, municipal civil preparedness is still in its childhood, and economic misgivings can hamper the child's growth. Worse is the fact that other areas of civil preparedness cannot even be said to be at the embryo stage. Preparedness of raw materials to ensure industrial production is lacking. There are not sufficient reserves of medicines to treat the patients which the armed forces medical service, the civil defense ambulance service and the counties' reserve hospital facilities have been built up to attend to. Even in a food exporting country like Denmark there are so many bottlenecks in production, manufacturing and distribution that there cannot be said to be any reasonable guarantee that consumers will be able to buy sufficient food in time of war.

Of course, civil preparedness costs money. Plans on paper cost small change; air-raid shelter facilities, emergency electric power plants and similar technical installations cost some money; and stockpiles cost a lot of money. Sufficient preparedness can obviously not be arranged for from one day to another. But in the coming time's negotiations toward the next defense compromise and the next compromise on civil defense and civil preparedness--or perhaps the total defense compromise which is to replace the two individual compromises--it will be of decisive importance that a political course be established toward the construction of civil preparedness which can contribute to making our (total) defense credible.

The concentration of production, the rapid turnover and the use of electronic data processing have, as mentioned, made the community more vulnerable, but have in turn also meant a better economy for the community as a whole. It is of course not in civil preparedness's interest to slow, stop or turn around the community's growth, but it is certainly also not unreasonable to desire that a small part of the socioeconomic gains be used to reduce the community's vulnerability. The preservation of peace is, in spite of everything, the most important precondition for the community's well-being.

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MILITARY FEDERAL REPUBLIC OF GERMANY

ARMORED VEHICLE INDUSTRY FACING UNCERTAIN FUTURE

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[Unattributed article: "No Worry-Free Future: The German Armored Vehicle Industry"]

[Text] Even though the acquisition of an additional 150 Leopard 2's has once again assured a certain level of employment in some companies within the German armored vehicle industry--the future of all companies involved in the development and manufacture of armored vehicles is really not worry free--regardless of whether they produce hulls or provide electronics. Despite the fact that--or actually because--capacity is not fully utilized, the courage exhibited by several companies to use in-house funds on development is noteworthy. And their efforts are not just aimed at the export market but also at the Bundeswehr.

"Moaning about a lack of work is what builders of armored vehicles do constantly"--is how many people lightly dismiss the complaints of the industry. In past years they did indeed have plenty to do. However, the federal government also admits that the production outlook for the next few years is not exactly rosy. The sixth lot of Leopard 2's, even though it is about to be increased by 100 as yet unproduced vehicles (in particular also to prevent another interruption in production within this industry), although somewhat more than just "background noise" for the industry--a production rate of 9 vehicles per month in contrast to 35 when the Dutch Leopard 2 was still coming off the assembly line--still does not fully utilize available capacity. There is nevertheless hope on all sides that at least this pace will continue for several years yet because no imminent large-scale production programs are anywhere to be seen. Upgrades of combat effectiveness are also no small matter and yet they mean work for only a few companies--many companies which develop and produce components in particular come up empty-handed. This will be true as well when the Leopard 2 undergoes its first major repairs at the end of the decade at system suppliers Krauss-Maffei and Krupp MaK. That this work is not being done by private repair companies or in the Bundeswehr's own repair shops, on the other hand, does not please the private firms because their share of the pie is that much smaller.

What is being sought then is new production programs which will provide some work for as many companies as possible. The only problem is that the Bundeswehr cannot be counted on to do much rescheduling regardless of how the threat increases. However, there is a lesson to be learned from the miserable situation with regard to uneven work loads. Gearing up production too rapidly to too high a level, followed by an abrupt decline, sometimes to zero, is not only uneconomical but also dangerous--hopefully this will be taken into consideration in the production of the Combat Vehicle 90 (however it will look eventually) and a more continuous work load for industry will also be included in these considerations.

Expressions of worry about the future could actually be heard at all of the companies described briefly below--too many of them still base their hopes on the supposed better days which will dawn in conjunction with the Combat Vehicle 90 (KW-90). And these hopes are certainly set too high--and so from all sides comes the question of who will be the first of the three major builders of armored vehicles (Krupp Mak, Thyssen-Henschel or Krauss-Maffei) to have to give up the fight. For some time the odds were that it would be the Munich firm put up for sale by Flick. That this did not happen was probably due not least of all to the fact that--as the non-Bavarians put it--the company has a good "Strauss mafia" as its lobbyists. But there are also similar rumors from time to time of other system producers giving up the fight.

What is certain, however, is that the production capacity available to date will no longer be fully utilized on the average, even with the KW-90. To some extent, the situation with regard to some subcontracting firms is even worse, particularly those which have specialized too much in the production of components for armored vehicles. Relief through aviation programs--aviation and land-based technology are often processed in the same department--is also not in sight. And in some areas the competition is even increasing because armaments producers are attempting as much as possible to bring commercially available products into play. For example, otherwise civilian, somewhat "militarized" diesel engines could be used--opportunities then for companies which have not previously supplied the Bundeswehr and jeopardy for the current major suppliers.

Many companies place their hopes on exports. On the plus side in this regard is that export restrictions have been eased, especially with regard to Southeast Asia, and that it need not always be a Leopard 2 right away that is for sale. Expectations should not be set all too high, however, because as good as "export projects" may sound, the customer nations are trying as much as possible to develop their own production (whether they have the ability or not). At the beginning of each of these export programs, however, substantial amounts of supplies will still come from Germany, and electronic and optical assemblies will always come from Germany. In this respect, too, the subcontracting industries have the advantage. And thus it is also a good sign that within the export programs components from German firms are being used and not, as some years ago, components from abroad.

It would be nice if these in-house efforts within the industry would be taken into consideration in some form or another by the Bundeswehr, and also remunerated. Even if it is just a matter of a German military attache not shying away from appearing in uniform at the proper moment--companies themselves very much like the hard sell but protecting one's flank is also important. Some companies in the so-called armored vehicle industry--system suppliers and subcontractors--and their programs are presented on the following pages.

AEG

In the aviation and special technology sector at AEG in Wedel (Holstein) about 500 people are employed in the armored vehicle division with sales of about DM 160 million annually. Included in the production program for the Leopard 2 are the weapons tracking system, the viewing assembly for the gunners, the on-board electrical power generator and the coarse-dust exhaust fan, as well as the gunner's viewing assembly for the Leopard 1.

Since the mid 1970's AEG, under the trademark Geadrive (GEA spelled backwards is AEG), has developed and supplied electrical aiming and stabilizing systems for battle tanks, antiaircraft tanks and other armored vehicles, both for new vehicles and for combat effectiveness upgrades. At present 55 electric drives are thus being produced for modernizing the Danish M-41 battle tank.

Under development is a digital scan converter (DSC) for the common-module thermal imager, plus a common-module based, optronic-sensor OFLA thermal imager for upgrading the combat effectiveness of the Gepard, and also for the Gepard, together with MBB, the FT 90 target tracker.

Of particular importance in terms of providing future work for the company is the recent decision by BWB in favor of the BT-41 duel simulators developed by Saab Training Systems and to be supplied by AEG. Initially, 560 systems are to be ordered for the Leopard 2, but further systems will surely follow.

Blohm + Voss

Providing a sufficient work load in the area of land-based military technology at the Blohm + Voss pier in Hamburg, which belongs to the Thyssen concern, depends greatly on the Leopard 2 program. All hull shells are produced there, as well as 50% of all Leopard 2 turret shells--the other 50% is subcontracted to Thyssen in Witten-Annen. The sixth lot was therefore welcomed in Hamburg and naturally there is hope for additional lots of the Leopard 2 even though over the long term they will likely no longer account for the work load experienced to date. Also in production are turret shells for the 115 Rolands of the navy and air force--Blohm + Voss had also already produced this shell for the Roland on a track-laying chassis, although this was a joint venture with France.

The production of the armored recovery vehicle 3 on a Leopard 2 chassis will most likely not provide work for a few more years--if hull production even goes to Hamburg. However, Blohm + Voss has already produced the prototype hull.

In terms of development this company is particularly active in the shielding sector--there are already new shielding arrays for combat effectiveness upgrades of the Leopard 1 or for converting the Leopard 1 to an antitank combat vehicle, so this program will likely also provide work. Nevertheless, layoffs in the production sector can probably not be avoided in the near future, although the company hopes it can at least hold on to those employees with the pertinent knowhow. The results of the study prepared for the Federal Ministry of Defense concerning cost-effective production of armored vehicles will be included in the conceptual phase of the Leopard 3 project.

Clouth

The Cologne-based company, Clouth Gummiwerke AG, had sales of DM 281 million in 1985. It is active in the areas of conveyor belts, proofed fabrics, technical grade rollers, liners, and military technology. Rubber articles for military applications, particularly for tank weapons, make up a considerable share of the company's production. These articles include projectile-proof, protective track shields and added rubber armor, as well as rubberized wheels for nearly all German-produced tanks such as the Leopard 1 and 2 and the Jaguar 1 and 2 missile-equipped tank destroyer. Together with Porsche, Clouth also developed the continuous loop track for the Wiesel airdroppable vehicle.

Daimler-Benz

The Bundeswehr is also an important customer for an international concern like Daimler-Benz--even with respect to commercial vehicles. In addition, Daimler-Benz also developed the wheeled armored vehicles Fuchs and Luchs.

When the preliminary activities of the Defense Ministry regarding the KW-90 were in full swing at the end of the 1970's, there was a suggestion, based on experiences in developing the Fuchs and Luchs on the one hand and knowledge of the commercial vehicle technology planned for the 1990's on the other hand, to conduct a theoretical investigation of the extent to which the technical and tactical requirements of the KW-90 could be met by wheeled vehicles. The most stimulating aspect of the study on the KW-90 was to design a chassis for use in the highlands which would fulfill the necessary performance requirements using series-produced commercial vehicle assemblies without the restrictive prerequisites of the older wheeled vehicles mentioned above (ability to float, chassis identical to the transport truck, tire size 14.00-20 and engines with multifuel capability). The designs presented by Daimler-Benz then prompted the armaments sector to contract for the construction of a demonstration chassis which is to begin testing in the fall in Trier. The Bundeswehr is waiting to find out how it behaves in difficult terrain, while Daimler-Benz is awaiting test data for the final design of the components if that type of wheel concept should be selected for a development phase.

The 8 x 8 demonstration chassis is said to have the following characteristics:

- weight, about 30 metric tons
- weight per unit of power, nearly 20 kW/metric ton
- new tire/wheel system for large contact surface and emergency running
- tire pressure control system
- wheel suspension large enough for spring travel of Leopard 2 and hull cross-section with no intrusions
- turret race ring diameter same as for Leopard 2
- minimum number of individual metal plates comprising hull, machined without retooling
- shielding as for the KW-90

Another development-related objective is to minimize acquisition and maintenance costs by using series-produced units such as the engine, automatic transmission, drive train, axles and steering mechanism. Based on the same logistics, Daimler-Benz was asked by the armaments sector to prepare design concepts for armored transport vehicles for which the term "other armored vehicles 90" (SGW 90) seems to have been adopted. A broad range of possible solutions to various transport problems arose, all of which provided far greater protection, larger axle payloads and better mobility than the Fuchs. It would thus be possible to form a logistically very favorable large family of medium- and heavy-weight transport vehicles, other armored vehicles 90 and wheeled KW-90's.

Deugra

Deugra in Ratingen produces fire protection systems, employs about 70 people and has sales of approximately DM 30 million. All German armored vehicles, like those of other nations as well, are equipped with halon fire extinguishing systems from Deugra which belongs to the British Graviner group. The Dutch Leopard 2's have Deugra engine compartment fire extinguishing systems, and the last Leopard 2's were also equipped with a fire suppression system for the crew compartment. As of the fifth lot, the German Leopard 2's will also be equipped with the fire suppression system, as will the Swiss Leopard 2's. Switzerland is also considering upgrading the combat-effectiveness of its No. 68 tanks with a fire suppression system, and in Austria the Kuerassier and M-60 have begun to be retrofitted with a fire extinguishing system.

Deugra is continuing to develop fire protection systems for the engine compartment and the crew compartment for the new generation of combat vehicles.

Diehl

The Remscheid branch of Diehl Gmbh & Co. of Nuremberg employs about 1000 people in five production halls in the company's track-producing sector. Diehl produces tracks for tanks, as well as other structures for a very broad range of armored vehicles within the country and abroad. The tracks are entirely metal and rubber parts; also produced are scroll gears, track rollers, support rollers, track aprons, rubber parts and rubberized metal parts.

Diehl also naturally develops these parts and the trend with regard to tracks is toward even greater wear resistance and lighter weight. Track development is largely an in-house effort.

Eltro

The optronics firm of Eltro GmbH in Heidelberg belongs to AEG and in the field of optronics for land-based vehicles it is currently working on production of an in-house version of a CO_2-laser distance meter for the Leopard 2 and for upgrading the combat effectiveness of the Leopard 1. Together with MBB and Philips, it is also developing the common-module-based thermal imager for the missile-equipped tank destroyer, Jaguar 1 (HOT). Night vision equipment for the third generation of medium and long-range antitank missiles is being developed within the Satel consortium (SAT, Thorn-EMI and Eltro).

Flensburger Fahrzeugbau

Flensburger Fahrzeugbau-Gesellschaft mbH (FFG), which belongs to Harmstorf AG--but which does not find itself in financial "straits"--employs about 350 people to perform major repairs and conversion/upgrades on the Bundeswehr's track-laying vehicles. Beginning in 1963 it was initially wheeled vehicles that required repair (as of 1967 this became a separate company called "Fahrzeugwerke Nord"); then in 1965 track-laying vehicles were added at the Flensburger Schiffbau-Gesellschaft (FSG), while the military technology sector was renamed the FFG in 1980. Currently, major repairs are performed on the M-113 (also conversion to command communications vehicles), Marder (also upgrading combat effectiveness) and Leopard 1. In recent years the company has tried to offer vehicle modernization of such vehicles as the M-41, M-42, M-47 and M-48 to foreign armed forces. An M-41 has already been converted and tested using a Rolls-Royce diesel engine; together with Garrett and KHD an M-48 with a GT 601 gas turbine has also been demonstrated to the Bundeswehr.

FWI

For more than 25 years Fahrzeuginstandsetzungswerk Ichendorf GmbH (FWI), 51 percent of which is owned by Krupp MaK and 49% by KUKA, has been involved in depot maintenance of armored Bundeswehr vehicles such as the Leopard 1A1 to A3, the armored recovery vehicle 2, the combat engineer vehicle 1, the Biber bridge-launching vehicle, the M-48 and the M-88 armored recovery vehicle. The complete vehicle is maintained, including such assemblies as the engine, transmission, hydraulic system and weapon system.

About 1000 people are involved in this work--the company's future outlook and that of other maintenance companies is not exactly good because depot maintenance on the Leopard 2 is to be performed at the manufacturer's plant; in addition, wear will be noticeably reduced due to the increased use of training equipment.

FWM

Feinmechanische Werke Mainz GmbH, which belongs to AEG, develops and manufactures aiming and stabilizing systems, including training material, documentation, and electrical and hydraulic test labs, for armored vehicles (sales in 1986 were about DM 50 million with 340 employees in this branch). During the next three years the company should be working at 45 to 75 percent capacity in the area of army equipment--after that the outlook is not exactly positive.

Currently in production are the monoblock electronics and the newly developed gunner's grips for upgrading the combat effectiveness of the Leopard 1; they are also waiting for the sixth lot of the Leopard 2 (elevation power drive and fuel supply system among other things) and for a production contract for the MLRS azimuth gears. Negotiations are under way with BWB concerning a project designated SRK (new control concept) to replace certain mechanical/hydraulic components in the aiming and stabilizing system of the Leopard 1. Also with BWB, keeping in mind that in the future aiming and stabilizing systems will be equipped with electrical drives rather than hydraulic motors, a system is to be developed in which an electric motor integrated into the turret race ring is used in the lateral axis of battle tanks so that the azimuth gear is no longer needed (except for holding the turret and manual drive in place). Naturally, in-house funds are also used for these kinds of developments.

GLS

The Gesellschaft fuer Logistischen Service GmbH (GLS) is a subsidiary of Krauss-Maffei which in the area of logistics and upgrading the combat effectiveness of armored vehicles, achieves sales of approximately DM 250 million (one third of which is exports) with a staff of about 120 employees. The company is deeply involved in supplying spare parts (initial and subsequent spare parts requirements) for Krauss-Maffei-produced vehicles such as the Leopard 1, Leopard 2 and Gepard for the Bundeswehr as well as for foreign customers. In addition, they also supply spare parts for M- and AMX-series tanks and for other armored vehicles.

GLS has the export distribution rights to the 6 x 6 Fuchs and in this area they work closely with the manufacturer, Thyssen-Henschel. GLS is heavily involved abroad in combat effectiveness upgrade programs for old vehicles. Together with Wegmann, 183 M-48's in Turkey were modernized. Both companies also offer a Super M-48 in Greece and other countries. In Thailand the M-41GTI (German tank improvement) was tested with regard to the requirements of Thailand's Armed Forces (there is talk of modernizing 100 vehicles initially). Improvements in the running gear on the M-41 are planned for Denmark. Together with Jung-Jungenthal, an M-47 is being converted to an armored recovery vehicle in Pakistan. In Turkey the combat effectiveness of the the M-44 howitzer was upgraded, and modernization of the M-52 self-propelled howitzer is also planned. The M-44 primarily involved the integration of an MTU diesel engine--the same is true for the improved AMX-30 which has already been tested in Saudi Arabia. In Saudi Arabia approximately 300 vehicles are to be converted and there is also interest in this kind of conversion on the part of Spain (together with Santa Barbara) in Venezuela, Greece and the United Arab Emirates where another approximately 700 vehicles are awaiting conversion. Improvements in the running gear were also made on an AMX-13--corresponding measures are being offered for AMX-13's in Venezuela, Ecuador, Singapore and Indonesia. Competing with companies from other nations, GLS is soliciting for combat effectiveness upgrades of the Soviet tanks in use in Egypt. T-54/55's and T-62's there were in part able to be refit with 105 mm guns, new MTU engines, gears, fire control systems and electrical turret drives.

Glueckauf

The machinery company of Glueckauf Beukenberg GmbH & Co. in Gelsenkirchen has also gained a foothold in the field of military technology with its line of hydraulics equipment. For the most part commercially available hydraulic products which have been adapted to special requirements are supplied for the turret gun drives of the Leopard 1 and M-109A3G self-propelled howitzer. In development (in-house financing) are hydraulic retrofitting sets for other armored vehicles--however the company is skeptical with regard to the future work load in the area of military technology.

Honeywell

In the area of equipment for armored vehicles, Honeywell Regelsysteme GmbH employs about 200 people in its sector for land-based control systems and trainers within the company's special technology group in Maintal. Emphasis there is on drive systems for turrets and guns, fire control and navigation (a ring laser gyro is in development), as well on trainers and computer applications.

In production are gyros and gyro packages for the Leopard 2, the Dutch Leopard 1 and the Leopard 1A5, electromechanical assemblies for the Leopard 2 and fire control systems for the Dutch Leopard 1. Together with Zeiss, Honeywell has developed a digital fire control system for upgrading the combat effectiveness of the Swiss tank 68; a fire control system and a ring-laser-gyro-based land navigation system, which can also be used in the self-propelled howitzer 70, is in development for the M-109 self-propelled howitzer. Electrical drives are in development or ready for production for the KW-90 family and for retrofitting tank turrets and for outfitting gun mounts (AIM-9L ground-launch equipment, etc.).

Industriewerke Saar

Industriewerke Saar GmbH (IWS) in Friesen, which is owned in equal shares by the Diehl group and Gerlach-Werken (a majority holding of the Krupp concern), was founded in 1963 as a civilian repair shop for major and emergency repairs, initially for the Bundeswehr's wheeled vehicles. Track-laying vehicles were added in 1965--at that time the HS-30. The company now employs somewhat over 1000 people and thus serves an important function in the Saarland region and the neighboring Rhineland-Palatinate in terms of providing jobs. Its program includes the M-113, Luchs, Marder, former gun-equipped tank destroyers which have in part been converted to vehicles for forward observers, and recently also the Bundeswehr's five-metric-ton cross-country truck.

Jung-Jungenthal

Jung-Jungenthal GmbH, a now 101-year-old former locomotive factory located in Kirchen an der Sieg, in the mid-1970's withstood a very difficult crisis which caused a considerable reduction in the number of employees and forced the company to largely give up the locomotive business. Now, with about 600 employees and annual sales of about DM 75 million, the company is a private associated company in which Thyssen Industrie AG holds 15 percent of the capital investment. Development and production are focused almost entirely on military technology. In the area of locomotive construction, repairs are still performed and pneumatically driven mine locomotives are still being built.

When production of the hulls for the Fuchs 1 transport tank is completed, Jung-Jungenthal will still be busy with the production and repair of Leopard 1 parts (Jung was involved in the development of the Leopard 1!) and Leopard 2 parts such as gun shields, front and rear hull coverings, and parts for the running gears of vehicles to be supplied by MaK. The company also built the hulls for the Wiesel prototype and naturally hopes later to build the approximately 350 series-produced hulls. The hull for the new 8 x 8 wheeled tank experimental rig was also recently built for Daimler-Benz (as were the prototypes and later the series-produced hulls for the 6 x 6 Fuchs and 8 x 8 Luchs); in addition, Jung-Jungenthal is building the hulls for the armored Mercedes cross-country vehicle out of special armor steel.

Jung, which was involved in the development and subsequent production of the Leopard 1 armored recovery vehicle and the combat engineer vehicle and was the supplier of all of the recovery equipment, wants to expand this branch of its operations in the future and not just act as a subcontractor (as it did, for example, with the hull work for converting 140 vehicles to the combat engineer vehicle 2). An in-house effort was to convert an M-47 to an armored recovery vehicle with the recovery equipment of the Leopard 1 and successfully test it. Together with GLS, a vehicle is also now undergoing conversion in Pakistan at Pakistan's expense--this could result in a contract for converting about 50 to 100 M-47's. The work would be performed by Pakistan Railways with support from Jung-Jungenthal. But other countries, too, are showing an interest in this kind of armored recovery vehicle, particularly Turkey and Spain. The Bundeswehr is also interested. In Trier it is currently testing an M-48 which was converted to an armored recovery vehicle by Jung-Jungenthal. The company is hoping that this effort will result in an order for perhaps 60 to 80 vehicles.

Krauss-Maffei

After a reordering of the participating relationships at Krauss-Maffei AG (via RTG, Diehl and MBB have obtained 25 percent of the capital), the company has finally found some peace. During the next few months it will probably also undergo organizational changes with the objective of creating several largely independent sectors. A Krauss-Maffei Wehrtechnik GmbH with about 1800 employees would then be founded for military technology.

This program is naturally of particular importance to this general contractor for series production of the Leopard 2. The fifth lot for the Bundeswehr will continue to be produced, at a reduced level, until mid-1987. Then will come 35 Leopards to be supplied by Krauss-Maffei to Switzerland. However, a six-month interruption before the first vehicles from the sixth lot of Leopard 2's can be delivered cannot be avoided. Then toward the end of the decade the first major repairs to the Leopard 2 will likely also be required. Since May of 1986 Krauss-Maffei has delivered 300 Skorpion mine launch vehicles (general contractor, Dynamit Nobel). Final assembly and testing of the entire system will take place at Krauss-Maffei itself, and the company is also producing the mine launcher units. This program will run until 1988.

By approximately that same date Krauss-Maffei, with a rate of delivery of five vehicles per month, will have performed the first major repairs on the Gepard. In competition with other firms Krauss-Maffei is also soliciting the combat effectiveness upgrade work planned for this wheeled armored vehicle.

The Leopard 1 is no longer in production, but there are nevertheless certain indications that additional vehicles will be procured by the user nations of

Denmark and Greece. A Leopard 1A3 converted to an A5 and on loan from the Bundeswehr was successfully tested in Thailand with tropicalized equipment and night vision equipment--150 new vehicles have now been offered for sale to this country. Naturally, Krauss-Maffei is also hoping to obtain the combat effectiveness upgrade work on the Leopard 1 with a view to converting them to antitank combat vehicles.

During the conceptual phase Krauss-Maffei will process all three KW-90 vehicles, primarily the antitank combat vehicle and the tank/helicopter destroyer vehicle--for this vehicle in particular Krauss-Maffei has already performed some preliminary work using its own and government funds (elevatable platform).

Krauss-Maffei has joined with Porsche and KUKA for performing the final development work on the tank howitzer 70.

Recently the company has placed more emphasis on in-house initiative. These efforts include the modern--and thus probably too expensive--Wildcat antiaircraft defense system with two 30-mm Mausers; two prototypes have been built and tested (on an armored transport vehicle 1 and on a Piranha chassis). Whether its export to Saudi Arabia can be realized is questionable--but at least Krauss-Maffei has received permission to demonstrate the Wildcat there as it has already done previously in Belgium, Italy, Norway, etc.

An entirely new concept--using proven military and civilian assemblies--is being pursued by Krauss-Maffei in conjunction with Diehl with the ACV-Puma family which is discussed elsewhere in this issue. In this regard, the company is hoping to obtain the Bundeswehr as a customer in addition to obtaining export contracts (Turkey perhaps?).

Together with other German companies and under the leadership of its GLS subsidiary, combat effectiveness upgrades were performed on the vehicles of other vendors. In all cases Krauss-Maffei is responsible for the chassis (Super M-48, M-41 GTI, etc.). There is also a cooperative agreement with Vickers in Great Britain on the Vickers MK 7 battle tank. Krauss-Maffei is supplying the chassis assembly for this tank.

The training aids and peripheral equipment sector has also become an important branch of the company. Twenty Leopard 2 trainer tanks were supplied to the Dutch armed forces, 22 to the Bundeswehr; in conjunction with Thomson-CSF, 22 training simulators for the Leopard 2, M-109, Marder and Jaguar are to be supplied to the Bundeswehr.

Krupp Atlas Elektronik

Krupp Atlas Elektronik (KAE) of Bremen, with its ever more widespread involvement in ultramodern and military-related electronics, is the contractor for the Leopard 2's EMES-15 fire control system. For this system using a common-module thermal imager (produced by Zeiss) and a laser (produced by Eltro), KAE, initially under contract to Switzerland, developed a digital fire control computer to replace the analog one. As of the fifth lot all Leopard 2's have the digital system. Lots one through four are also to be appropriately retrofitted.

Largely equivalent to the EMES-15 is the EMES-18 fire control system which is to be used to upgrade the combat effectiveness of 1300 Leopard 1's--KAE is also the prime contractor for this work.

An in-house development for modernizing the M-series American battle tanks and the T-series Soviet tanks is the MOLF (modular optic lightweight fire control system) which is based on the EMES-15/18. Due to its modular design, various assemblies can be integrated, e.g. common-module- or Sprite-based thermal imager. The MOLF is now being tested in Greece in the Super M-48 by GLS/Wegmann.

KAE is proposing the optronic ORP panoramic periscope with day and night vision and CO_2-laser distance meter for the planned combat effectiveness upgrade of the Gepard. A video/laser tracker can also be integrated if desired.

Krupp MaK

Krupp MaK Maschinenbau GmbH in Kiel still employees about 3200 people of which approximately 1000 are involved in military technology. Its other business includes diesel engines for railroads and ships, and railroad-related technology. Also included in its military sector is the construction of submarine bow sections with torpedo firing tubes.

Still currently in production is the Leopard 2 (45 percent of all vehicles) --following an approximately six-month-long interruption the sixth lot is providing for continued production but at a much reduced rate (four vehicles per month). At the end of the 1980's major repair work should begin on the Leopard 2.

The company is completing the development phase of the combat engineer vehicle 2--three prototypes have been built and tested. In all, 36 combat engineer vehicle 1's used by the Bundeswehr and 104 armored recovery vehicle 2's are to be converted to combat engineer vehicle 2's.

For the armored recovery vehicle 3 on a Leopard 2 chassis, Krupp MaK has built a test rig which is to be tested at the test site in Trier in the fall. The Netherlands' share in the development of this vehicle is 15 percent.

As a developer, MaK has also built two prototypes for the LSM mine-clearing tank which have been in testing since the end of 1985.

The company also places great hope in production of the Wiesel. MaK is bidding on a Bundeswehr contract for 343 vehicles. It is also hoping for export contracts (Indonesia perhaps?); years ago it obtained the world-wide marketing rights from Porsche.

In the case of the KW-90, Krupp MaK is bidding on all three vehicles. Much preliminary work has already been done on these tanks, particularly the future

Leopard 3, such as the test rig with the VTS externally mounted gun (Marder chassis) or the heavy, front-wheel drive VTF test rig.

KUKA

KUKA Wehrtechnik GmbH in Augsburg was founded in 1898, has been involved in military technology since 1950 and has belonged to the IWKA concern since 1970. Since 1957 it has concentrated on development and production of turrets. KUKA currently has about 700 employees, 90 of whom are in development and design. Until about 1990 the production sector will be engaged in repairing and upgrading 1400 Marders to the A2 version with thermal imager and in major repair work on the M-113's of the 2nd Corps. The development program includes one- and two-man turrets for light- and medium-weight armored vehicles, and antiaircraft systems. The 30-mm Artemis mount, for example, was developed for Greece. In addition, KUKA is the prime contractor for developing the AIM-9L ground-launch equipment for the German Air Force.

KUKA turrets are used on various vehicles being tested and developed by NATO for disposing of explosive ordnances on airfields. Another development area at KUKA involves automatic loaders and ammunition handling systems for 120-mm main guns and 155-mm howitzers--in conjunction with Porsche and Krauss-Maffei this is KUKA's proposed new concept for the design of the self-propelled howitzer 70.

MTU

Motoren- und Turbinen-Union Friedrichshafen GmbH (MTU) employees just under 6000 people and in 1985 achieved sales of DM 1.1 milliard (billion). It develops and produces diesel engines for ships, railroads, energy supply systems and heavy-duty vehicles, which also includes wheeled and track-laying armored vehicles.

Its biggest selling item, particularly in terms of quantity, is its 837 series of four-stroke diesel engines with 6, 8 and 10 cylinders and between 320 and 1030 kW of output. The most well known of these engines is the 610-kW MB 838 CaM-500 which drives the Leopard 1 battle tank and all other vehicles in the same family. The drives for the Swiss Pz 61 and 68 tanks are also part of the same series.

The next generation of higher output engines is the 8-, 10- and 12-cylinder 870 series with a power output between 735 and 1323 kW. The 12-cylinder MB 873 engine powers the Leopard 2, while the 8-cylinder version of the MB 871 is in the current self-propelled howitzer 70 and in the Korean XK-1 battle tank. Now in development and financed by the company is the very compactly designed 880 series with 6-, 8-, 10- and 12-cylinder V-type engines; 4-, 5- and 6-cylinder in-line engines are also possible, so nearly any size of wheeled and track-laying armored vehicle can be equipped with them. MTU hopes to have the opportunity also to use this engine in the KW-90 and other wheeled armored vehicles. The output per unit area of this series is 1100 kW/m^3 as opposed to 800 kW/m^3 for the 870 and 500 kW/m^3 for the 837. MTU has concluded a licensing agreement with General Motors for this 880 series--both companies are aiming at future tank programs for the U.S. Army (advanced fighting vehicles) and

FMS programs. MTU is also cooperating with General Electric in the development of an 1100 kW gas turbine for armored vehicles for the AIPS (Advanced Integrated Propulsion System) program financed by the U.S. Army. MTU is bringing its expertise in the design of battle tank drives into this agreement, and is also responsible for the development of the heat exchanger.

The ever increasing market for combat effectiveness upgrades of existing armored vehicles is naturally also very interesting for MTU. The 8-cylinder 837 engine, for example, can be found in Turkey in the M-48 upgraded by Wegmann; the same engine can also be used in other M-series vehicles. There are also proposals to equip the AMX-30 used in several countries with the 6-cylinder 833 engine which has an output of approximately 600 kW.

MWM

Motorenwerke Mannheim AG (MWM), which has belonged to the KHD concern since the spring of 1985, employees about 3300 people and has sales of about DM 500 million annually. Following reorganization of the engine production program by KHD and MWM, the company builds high-speed, water-cooled diesel engines under the MWM-Diesel trademark, as well as large and medium-sized KHD and MWM engines under the trademark Deutz MWM. With a version of the commercially available water-cooled D-234 diesel engine, MWM is now also attempting to enter the market for tank drive systems where special tank engines are currently the rule. Three prototypes of the Brazilian battle tank Engesa Osorio have been fitted with a 735 kW, 12-cylinder TBD-234--combined within the tank into a drive assembly with a LSG 3000 ZF transmission and a cooling system. A similar assembly with the same power output has been proposed for the AMX-30, however engines with six and eight cylinders would also be suitable for new, lighter armored vehicles or for converting older vehicles such as the M-113, for example.

MWM also provides power supply systems for the Roland--both the army version (Marder chassis) and the air force version (chassis for the 10-metric-ton truck, total weight).

Philips

The systems and special technology sector of Philips GmbH in Bremen (formerly Elektro Spezial) in the area of military technology produces tank-driver night-vision equipment developed in-house--all Bundeswehr tanks are equipped with this Philips equipment--and repair equipment for night-vision and training/simulation devices for the Gepard and Roland antiaircraft defense systems. Digital DEA-24 data input/output devices for fire control tanks are also produced. Included in its development program--in part company-financed--are infrared sensors, the next generation of tank-driver night-vision systems and simulation systems.

Porsche

This Stuttgart producer of sports cars, through its founder, Professor Ferdinand Porsche, had already established a tradition in the development of armored vehicles extending up to World War I. After 1955, the company was also involved in the development of the Leopard 1 and many related vehicles such as the Biber, combat engineer and armored recovery vehicles. Porsche, among other companies, was also involved in advanced production engineering for the Leopard 2. The armored recovery vehicle 2 was also based on a Porsche design.

The military technology team in Stuttgart is preparing studies on future combat vehicles. The most important current project is the development of the Wiesel; four modified prototypes have now been supplied to the official agencies and the Bundeswehr for testing.

Renk

The Augsburg company, Zahnraederfabrik Renk AG, has developed eight different tank transmissions in the past 25 years and has produced a total of about 10,000 units. The Marder, Jaguar 1 and 2, TAM, the current self-propelled howitzer 70 and also the Leopard 2 have Renk transmissions. Currently in series production is the HSWL 354 automatic transmission for the Leopard 2 which covers the 900 to 1300 kW output range. Development projects involving Renk transmissions include the armored recovery vehicle 3 on a Leopard 2 chassis and the mine-clearing tank on an M-48 chassis. The RK-304 transmission (power output, 500 to 900 kW) can be found in the Italian Palmaria self-propelled howitzer, and can also be used to upgrade the combat effectiveness of battle tanks such as the M-47, M-48 and M-60 or Centurion. It is also found in the Super M-48 from Wegmann/GLS, for example. It is also suitable for use in the AMX-30, as are the HSWL 294 or HSWL 224 transmissions.

Rheinmetall

Rheinmetall GmbH of Duesseldorf employs about 3400 people in its military technology sector, including its Dutch subsidiary NWM de Kruithorn and Nico Pyrotechnik in Trittau; about 1500 of them are in Duesseldorf and 1000 are in Unterluess.

In terms of equipment production, most of the company's work still comes from the Leopard 2 program and involves final integration of 45 percent of all turrets. Rheinmetall supplies the 120-mm weapon systems for all Leopard 2's. With a view to upgrading the combat effectiveness of the Leopard 1, two Leopard 1's converted by Rheinmetall to use the 120-mm weapon system were introduced to the Leopard 1 user nations at the beginning of 1985. The 1300 Leopard 1's waiting to be upgraded are already designed such that the current 105-mm weapon system can be replaced by the 120-mm system.

Rheinmetall is producing the accompanying multi-purpose and KE ammunition for this 120-mm gun; new versions of the KE with increased penetrating power are also in development. Other types of ammunition for bringing down helicopters, for example, are also possible with this gun--see also Rheinmetall's own report elsewhere in this issue.

For the new armored combat vehicle or for upgrading the combat effectiveness of the Marder, Rheinmetall is offering the Rh-503 machine-cannon (drive is supplied by another vendor). A special characteristic of this 35-mm gun is that the barrel can be exchanged if desired and made to fire 50-mm cartridges.

Together with Wegmann and Krupp MaK, OTO Melara and Royal Ordnance of Nottingham, Rheinmetall is bidding on the final development work for the self-propelled howitzer 70. The 155-mm weapon system for this self-propelled howitzer is a Rheinmetall product.

In development is the 105 SLR main gun with reduced recoil and increased backward travel for lighter-weight vehicles up to 11 metric tons.

Teldix

At Teldix GmbH in Heidelberg, which belongs to the Bosch group, the emphasis in the land-based military technology sector (approximately 30 percent of overall sales) is on vehicle navigation and orientation systems which, due to their modular construction, can be combined to produce various systems. These systems, which were developed with in-house funds, are used in the ABC, detection, radar and EloKa versions of the Fuchs 1 transport tank, in the wheeled Roland and in the Roland antiaircraft command post, as well as in TUER and LUER radar equipment for the army's antiaircraft troops. Also used in the Fuchs is recording cartography equipment (directional recorder) which shows the location of the vehicle either as a coordinate on a numerical indicator or using crosshairs on a map. Also new in the program is the ZOG target locating equipment for artillery surveys; this equipment has a north-seeking gyro, aiming circle meter and laser distance meter.

A large portion of the company's product line is also exported. With regard to the new generation of combat vehicles, Teldix is engaged in designing navigational equipment.

Thyssen-Henschel

Thyssen-Henschel in Kassel, which includes Waggon-Union (Siegen/Berlin) and Thyssen-Getriebe- und Kupplungswerke, is one of the nine divisions of Thyssen Industrie AG in Essen. It is active primarily in the areas of transportation technology (locomotives, magnetic drive technology) and military technology--light and medium-weight armored vehicles. The Marder was developed and built in Kassel, and the Luchs armored reconnaissance vehicle, the Fuchs 1 transport tank, the Jaguar 1 and 2 missile-equipped tank destroyers and the Roland antiaircraft-missile-equipped tank were also produced there. The company is currently busily engaged in the M-113 conversion program. Following shipment of 320 M-113 AlG armored reconnaissance vehicles, 154 M-113 AlG fire control tanks will be outfitted and 220 M-577AlG command post vehicles will be converted. In addition, there is repair work to be performed on the M-113's--even with all this work, however, only 60 percent of the production capacity available for military technology is being used. Just beginning is the final assembly of all 342 MLRS launch vehicles for the various European armed forces, with the hulls being supplied by Giat.

As the developer of the Marder, Thyssen-Henschel naturally has high hopes with regard to upgrading the combat effectiveness of the Marder with improved shielding on the hull and turret. The company is also involved in the conceptual phase of the KW-90 with an emphasis on the Marder 2 and the tank/helicopter destroyer vehicle. Regarding the self-propelled howitzer 70, Thyssen-Henschel has submitted a bid, together with the British firm VSEL, based on the AS-90 turret and the self-propelled howitzer 155 chassis.

The company's activities in terms of its own developments and those for outside sources are also rather far ranging. A 30-metric-ton battle tank based on the Marder has been developed. This battle tank was equipped with the 105-mm gun from Rheinmetall, built as a prototype and is being successfully tested in Thailand and elsewhere. Other nations are also showing an interest in this tank.

Another in-house development is the 4 x 4 Condor wheeled tank, over 400 of which have been supplied to Malaysia. A very new design in terms of the running gear is the TH-400, 6 x 6 test rig with a chassis weight of approximately 17 metric tons. It has independent wheel suspension with suspension arms and torsion bar suspension. Because of the design and the large tires, the wheel load may be over four metric tons and thus the entire vehicle weight may be more than 25 metric tons.

Thyssen-Maschinenbau Schutztechnik

The Witten-Annen plant of Thyssen-Maschinenbau GmbH employs about 600 to 700 people in the military technology and "internal security" sector. Fifty percent of all Leopard 2 turret housings from what is currently the Bundeswehr's last existing order are being produced--previously all Marder and Roland hull shells, as well as the Leopard 1 and Gepard turret shells were produced. An in-house development is the special TM-170 vehicle with shielding; approximately 300 of these vehicles will be in production until 1990 for the Federal Border Guard. The company also hopes to be able to export these vehicles intended for internal security and its simplified export version the TM-170 Hardliner; they see the opportunity in the Near East, India and Africa. The British Armed Forces also wanted to buy this vehicle for use in Berlin (48 vehicles)--it had already been tested and the agreement was nearly ready to be signed when the Berlin Senate had "political second thoughts." Since the equipment of the British Armed Forces in Berlin must be paid for by the FRG (occupation fees), the entire project was put on hold for the moment.

The Witten-Annen plant also supplies precut armor plates for armored vehicles to NATO members.

Wegmann

Wegmann & Co. GmbH in Kassel has been involved in military technology for about 60 years (primarily turret production for the Leopard 1, Gepard and Leopard 2), and today the 60 percent of its sales which come from this business accounts for approximately DM 1.5 milliard (billion). Of the company's approximately 4500 employees, 40 percent are involved in military technology. Turret production for the Leopard 2 (55 percent of all turrets) is currently at the forefront. In the meantime, training equipment has also become a future-oriented source of business within the company.

Under general contractor MLRS/EPG, Wegmann was responsible for final integration of all 200 MLRS systems for the Bundeswehr--its French partner (and the prime contractor for final integration) is Aerospatiale. As of 1988 Wegmann will supply four vehicles per month, and the company will also build the cages for the missile containers. As of 1987, the 1300 upgraded Leopard

1A5's should be ready for delivery--Wegmann is the general contractor for this combat effectiveness upgrade program. All of this work, however, will not fully utilize the company's production capacity.

Together with Rheinmetall--within the joint subsidiary Rheinmetall-Wegmann GmbH (RWG)--Krupp Mak, OTC Melara and Royal Ordnance Nottingham, Wegmann is bidding on the final development work on the self-propelled howitzer 70; in series production the company would be called upon for turret integration and component manufacture. In the case of the KW-9C Wegmann wants to work with all four system suppliers on the turret design.

A few years ago Wegmann was the general contractor for modernizing 183 M-48's in Turkey. Together with GLS the company has now upgraded an M-48 to a Super M-48, more or less to provide an example of how an M-48 can be thoroughly modernized.

Zahnradfabrik Friedrichshafen

Zahnradfabrik Friedrichshafen AG (ZF) probably has the largest line of transmissions available for wheeled and track-laying armored vehicles. The 4 HP 250 shifting and steering gear for the Leopard 1 is from ZF, and the Fuchs and Luchs also use ZF transmissions. The P 25,000 final drive on the Leopard 2 is also from ZF.

Today, there are transmissions based in part on commercially available models but used in military vehicles from low output classes (under 100 kW) up to the outputs required by heavy-duty modern tanks. The HP 22 transmissions are found in some of the small airdroppable tanks of the French company Lohr, and also in the Wiesel. The HP 600 is in Krauss-Maffei's ACV Puma. Integrated shifting and steering gears are modular-based power-shift transmissions of the LSG family. The LSG 1500/2000 is designed for medium-sized track-laying vehicles; the LSG 2000, for example, is in the British-Brazilian AS-90 self-propelled howitzer (due to its construction it is especially suitable for front-wheel drive vehicles), while the LSG 3000 with integrated retarder is in the Brazilian Osorio battle tank, the French AMX-40 and the Korean XK-1 among others. These transmissions are naturally also suitable for vehicles intended for combat effectiveness upgrades.

Zeiss

The Carl Zeiss company in Oberkochen, also renowned in the field of military technology for its submarine periscopes, developed and produced the EMES-12A3 fire control systems for the Leopard 1 for Greece, Turkey and the Netherlands. Zeiss also developed and produced the common-module based thermal imagers (which have since been further refined) for the Leopard 2 battle tank, the upgraded Leopard 1A5, the Marder 1A2 and the Luchs armored reconnaissance vehicle. The Leopard 2 also has the PERI R17 command panoramic periscope from Zeiss. Together with Siemens, work is also progressing under contract to the Ministry of Defense on a CO_2-laser distance meter. The Optical Beamrider proposed by Zeiss was selected for third-generation medium-range antitank missiles; it is to be developed in conjunction with TRT and GEC Avionics.

12552
CSO: 3620/812

NEW MILITARY COMMANDER IN NORTH SEEN AS 'HARDLINER'

Lisbon O JORNAL in Portuguese 14 Aug 86 p 4

[Text] In December 1983, the weekly EXPRESSO wrote that "His temperament might advise him against leading the army but not against commanding the GNR [Republican National Guard] or the PSP [Public Security Police]." Just 2-1/2 years later, Gen Carlos de Azeredo is not leading the army but neither is he commanding the GNR or the PSP; instead he has been CG of the Northern Military Region since the day before yesterday (Tuesday).

Replacing Gen Goncalves Passos, who has been picked for the job of director of the Higher Institute of Miliatry Studies, Gen Carlos Azeredo, during the RMN [Northern Military Region] command transfer ceremony, delivered a speech in which he said that the young people constitute the main concern of his command, "the great challenge facing the cadres of this region."

Gen Goncalves Passos in turn used this opportunity for a brief review of the activities he carried out during the 2 years he commanded the RMN. In mentioning Gen Carlos Azeredo, he said that he is a "military leader with a strong temperament, straight-forward in his attitudes, professionally particularly well-equipped for his job, a man who has been recognized for his qualities as a military leader and as an individual more than once."

Gen Goncalves Passos described this event as "proof of the close bonds existing within the Northern Military Region between the civilian, religious, academic, and military authorities" and the news published confirm these words; he pointed out that "numerous civilian, military, and church personalities" were present.

The audience in particular included Marshal Antonio de Spinola with whom Gen Carlos de Azeredo--a devoted and admitted Spinola-follower--has been linked by bonds of friendship for a long time.

Chief of Cavalry since 1984, Gen Carlos Azeredo (Carlos Manuel de Azeredo Pinto Melo e Leme, which is his full name) undoubtedly is one of the most controversial leaders connected with 25 April. Considered to be against Salazar (and against Marcelino) in the old regime, he is today pointed up as a Rightist; in 1976, however, he considered himself to be a democrat and not even an anticommunist. "Being anti in politics is a negative position," he said at that time (DIARIO POPULAR, 8 July 1976). "We must be something positive and we must not be anti because that is always a negative position."

Having served as captain in India and Angola (Cabinda) and as major in Guinea, Carlos Azeredo even before 25 April came out against the way in which the war was being fought and that earned him a severe disciplinary reprimand. At that point he even applied to resign from the army but agreed to go to Guinea with General Spinola.

He participated in the events of 25 April in Porto; at that time he was a lieutenant-colonel and he was in charge of military operations against the installations of the PIDE [International and State Defense Police] in that city; but his behavior during the long process that followed was frequently criticized severely by his fellow officers.

Soon after 25 April, he was promoted to brigadier to take over as military governor and commander-in-chief on Madeira as well as governor of the autonomous district and president of the governing board. He was an advisor to Francisco Sa Carneiro when the latter was prime minister; he was a professor at the Institute of Higher Military Studies; he was second-in-command of the Northern Military Region; inspector of Cavalry; and assistant inspector-general of the army; these are some of the other entries that stand out in his biography. We might also add that he was invested with the Order of Malta in June 1985 according to a news item published at that time in the weekly TAL E QUAL.

In political terms, we recall his support for the candidacy of Gen Soares Carneiro to whom he tried unsuccessfully to attract Marshal Spinola, according to news published at that time. Before that however Gen Carlos Azeredo had adopted political positions which involved bitter debates and which gave rise to law suits and disciplinary punishment.

In March 1977, he addressed to the then Maj Melo Antunes a letter in which he criticized him in violent terms which in a general way were considered insulting because of statements which the latter had made to a Spanish Christian-Democratic-inspired magazine, CUADERNOS PARA EL DIALOGO.

The latter, in which he described Melo Antunes as "so-so Mr Major and pitiable citizen Antunes," earned Carlos Azeredo a vote of congratulation from the Madeira Regional Assembly through the initiative of Alberto Joao Jardim.

Several months later, in July, Melo Antunes again was a target for Carlos Azeredo in the course of a trial during which Vera Lagoa, the lady managing editor of O DIABO, was the female defendant. The words which he expressed at that time were also considered insulting and earned him an order for investigation; but Carlos Azeredo in the end was cleared of charges of "any infractions" in the law suit which Melo Antunes had filed against him.

In 1982, a letter which he wrote to the then Chief of the Army General Staff Garcia dos Santos earned him a disciplinary trial which ended with a sentence of 10 days in prison. The appeal he filed with the Supreme Military Tribunal was turned down.

5058
CSO: 3542/148

MILITARY SWEDEN

PARLIAMENTARY COMMISSIONER: COUNTRY ILL-PREPARED FOR SPETSNAZ

Stockholm DAGENS NYHETER in Swedish 22 Aug 86 p 2

[Editorial: "Our Poor Preparedness"]

[Text] There is obviously room for criticism. Swedish authorities and important key figures had trouble absorbing the shocking information about the assassination of Olof Palme. In several instances there was preparedness for handling the situation; in some cases it took remarkably long time for the information to penetrate.

This comprehensive judgment is now made by Per-Erik Nilsson, parliamentary commissioner for the Judiciary and the Civil Service, and chairman for the Civil Servant Commission that is investigating a number of factors surrounding the death of the prime minister. In an interview with the DAGENS NYHETER, he stresses that the opinions are personal. But it can still be assumed that he is counting on the criticism being a central feature of the coming final report from the Commission and that he has the support of his colleagues; otherwise the statement would appear somewhat careless.

The Commissioner's opinions have caused newspapers to call Sweden an "operetta country" and to accuse persons concerned of sloppiness, naivete and lack of dedication. Overall the comments seem based on the Commissioner's opinion that those who were alerted during the night, should have figured that the deed was not an insane act but perhaps "a Spetsnaz attack or a well-organized terror action against several members of the Swedish government."

In all fairness, it should not be surprising that officials showed a lack of readiness in such an extreme situation. Since the breakthrough of democracy, no head of state had been assassinated in any European democracy before the deed on Sveavagen. The thought really did not present itself immediately that the entire Swedish government might be threatened or that the country, given the current international situation, could be the object of a surprise attack from abroad. Efforts to make realistic assessments of increased Swedish needs for preparedness usually have other foundations.

Besides, no one probably wants to live where the government officials constantly fear the worst; consequently the guard of the open society with all its faults.

WE do not have people on duty at our hospitals, in communications, at the police stations or the Ministry of Foreign Affairs, nor duty-officers at military installations because of threatening dangers. We have them for reasons of general security. That is why there is reason to learn from what happened--and to improve what indisputably needs to be improved--without exaggeration after the event.

12339
CSO:3650/300

SUBMARINE NET USED IN SEARCH FOR SUSPECTED INTRUDER

Stockholm DAGENS NYHETER in Swedish 22 Aug 86 p 6

[Article: "Submarine Nets Used At Hudiksvall"]

[Text] The search for foreign underwater activity in the Hudiksvall bay was triggered by the fact that two civilians saw a suspicious foreign object in the water a couple of days ago. The two observations were made independently of each other, which caused the military to heighten its readiness. The Coast Guard has place a submarine net between Saltvik and Gackeron and certain other technical devices which are able to give indications of foreign underwater activity.

"We have not had any indications at all," says Jan Tuninger of the Defense Staff.

It is said at the Defense Staff that the placement of submarine nets in the area is a result of the Navy's lack of resources along the Norrland coast. There is one patrol boat from KA5 (Coastal Artillery) in Harnosand in the area.

No actual weapons such as anti-submarine shells or depth charges have been used in the area.

12339
CSO:3650/300

BRIEFS

NORWAY BUYS TRAINER AIRCRAFT--The Norwegian Air Force has ordered four SAAB Safaris from SAAB for delivery in the summer of 1987. SAAB has previously sold 18 SAAB Safaris to Norway. The Danish Air Force has also bought the aircraft, which is a single-engine, propeller-driven plane used for training fligts. [Text] [Stockholm DAGENS NYHETER in Swedish 22 Aug 86 p 13] 12339

CSO:3650|300

VERHOFSTADT'S ROLE, VIEWS ON BUDGETARY DISCIPLINE

Role of Verhofstadt

Brussels LE SOIR in French 30 Jul 86 pp 1, 3

[Article by Guy Depas: "Verhofstadt: "Like Pfaff, I Keep the Budgetary Goal"]

[Text] Is their trade-union wing mistreating the Christian parties? Too bad! Guy Verhofstadt will no longer let go of a single idea or a single franc.

He told us in an exclusive interview that sparing the cohabiting unemployed was as out of the question as sparing the state school. To those who would eventually like to soften social austerity by shifting a share of the budgetary effort to the bankers through the conversion of the public debt, he answers that Val Duchesse is an economically and politically balanced whole.

The PVV vice-prime minister thinks that economic transfers are certainly possible within a same sector. Moreover, the endless discussions on education proved that point. On the other hand, the plan would collapse if other shifts were to occur. In short, he indicates, each piece must remain in its place in a card house otherwise the whole structure collapses.

As soon as he assumes his budgetary responsibility, Guy Verhofstadt ceases to be a man. He becomes a calculator. Now, can a machine compromise?

This question will get answered in the forthcoming days. Theoretically, today, the Council of Ministers must still ratify the agreement on national education concluded last weekend. Charles Ferdinand Nothomb, the PSC [Christian Social Party] vice-prime minister, seems to think that it is a simple formality. In an interview published elsewhere he expressed the opinion that the solution extracted "with forceps" was a good solution. It is true that, the free system having been given a better role than the official one, a social Christian minister would be wrong to complain, even if he is French-speaking and if, indirectly, Flanders is doing all the work for someone else's benefit.

Will Charles Ferdinand Nothomb still be as satisfied if Verhofstadt's recommendations on the implementation of the unemployment reform undertaken in Val Duchesse, despite the CSC [Confederation of Christian Trade Union] protests, were followed? Maybe. But his colleague, Philippe Maystadt, whose so called "left" sensibilities are more obvious, could disagree. Is there a struggle among leaders and trends in the PSC?

It is said that it is the vulnerable spot of the government and it could still cause a few psychodramas between now and the conclusion of the governmental work. Especially because, this time, the community aspects, which, on the education isssue, concealed ideological differences, will no longer serve as a screen. This applies to unemployment as well as to the public debt conversion the ways and means of which must be drawn.

Let us recall that Philippe Maystadt has already given a very clear cut opinion on that latter issue: Debt funding must bring in 30 billions. And this 30 billions must be in the form of savings and not in deferred due dates.

Guy Verhofstadt agrees on the substance, as may be gathered from the interview below. He is, however, more subtle on the form: He says that since no coercive measures can be imposed without affecting state credibility, second-degree savings must be considered. According to the minister of budget, debt funding must not cost the bankers anything; but, by freeing the state from an obligation to pay immediately, it only allows floating lower interest rate loans in the future. It is therefore in this manner that the 30 billions in deferred due dates will, in the long run, become savings.

Agree, disagree? Is Martens VI still in danger? As for the minister of budget, he sees no serious skirmishes in these sectors. Is he guilty of optimism? In order to calm any misgivings on the fate of the government, he offers two arguments.

The first is the opposite of the somewhat Machiavellian strategy attributed to Martens himself, which consists in keeping his associates within bounds through unpopularity and the fear of elections. On the contrary, says Verhofstadt, everyone is aware that economic circumstances will never be as favorable for implementing financial reorganization and no one will want to miss the train. This is what is really holding the coalition together!

The second is more plausible: He says that after Val Duchesse, the government's task, for the remainder of the year, will be to deal tactfully with conditions for a revitalization of the workers through improved wages compatible with the competitiveness of the enterprises. And this cannot leave the democrats-Christians indifferent. In short, the carrot at the end of the stick. To be sure, besides the trade-unionist grumbling, which does not scare the minister of budget, the typically political and community issues remain for the fall term. What about Happart? He admits that he is dangerous: "We shall see in September; one problem at a time."

Verhofstadt on Budget

Brussels LE SOIR in French 30 Jul 86 p 3

[Beatrice Delvaux, Guy Depas and Guy Duplat interview Vice-Prime Minister Verhofstadt]

[Text] [Question] You have been at sixes and sevens about education, examined the issue on all sides and yet?

[Answer] Our work is taking a normal amount of time, for it is the first time in Belgium that a budgetary reorganization plan is being undertaken bearing only on expenditures; and we want it fully itemized.

[Question] But you are embellishing the situation. For example, did not the government muddled through the figures?

[Answer] No! The figures agreed upon in Val Duchesse were the right ones. Only, some people wanted to make exceptions...

[Quesion] ... upon the PSC's request?

[Answer] Exceptions were made for education in the general measures pertaining to savings for understandable and logical reasons. But, consequently, it was necessary to compensate the smaller savings.

[Question] And in the final analysis, are not private schools faring better than public ones?

[Answer] No! Everybody is on the same footing. For example, when we decide to align budgetary standards with organic ones, we apply the same rules to all the systems. If this affects the official system more, it is due to the state teachers' status which we will have to correct. In so doing, we are not in the least challenging the specific impact of state education which is guaranteed by the organic standard and by budgetary divergences.

Conform To Community Characteristics

[Question] Are there also community balances to find?

[Answer] No! That was not the goal even if it led to community balances.

[Question] Would it not be simpler to make education conform to community characteristics?

[Answer] It would be simpler. It is a logical middle-term objective.

[Question] You seem to be the diehard defender of the agreed figures...

[Answer] I am asking the total implementation of the Val Duchesse plan in every sector. For I know very well that, if I agree to change some of the figures, half of the planned savings will be gone after barely a few weeks. It is also true for unemployment. The same again for the debt, etc.

[Question] Are you the "goalie" of the governmental team, who protects the Belgium goal?

[Answer] (Laughter) Yes! If I were not so uncompromising, people would say about me: Oh, how nice he is, how pragmatic. And then, at the end of the year, I would be called a bad minister! I would be accused of not having respected the budget goals. Some socialists call me a doctrinarian. They hint that I would like to do harm. It is hogwash.

[Question] But, can't an agreement like that of Val Duchesse be improved? Could there have been mistakes?

[Answer] Moesen, a professor at the University of Antwerp, (he is not a liberal), studied the possible and desirable distribution of the budget savings to be made. The results speak for themselves: They concur with what we did in Val Duchesse. He concluded his study by stating ironically that, to be sure, the government did not have a study like his on hand, but Martens did what he was supposed to do.

Consolidate

[Question] Is the government tackling a few more thorny issues?

[Answer] I do not believe that we will have too many difficulties. In the wake of the social negotiations, the savings to be made in the social security sector are clear.

[Question] Including the one on the cohabiting unemployed? A small saving in the face of the risks of the CSC, and even PSC, reaction?

[Answer] To my knowledge, the PSC ministers did not express the desire to reopen the discussions on some of the measures. For me, there are no small billion or million. Everything is important and must be implemented or compensated by other savings.

[Question] And the public debt? The state wants to economize 30 billions in interest through a "conform-to-the-market" mechanism. What does it mean?

[Answer] Any statement about the debt is premature. I will simply say that it is necessary to banish coercive methods. Otherwise, we will move toward a capital flight, a loss of credibility and a 1 to 2 percent increase in interest rates. We must anticipate the expected drop in interest rates.

[Question] But there are no miracles. If it is a real saving for the state, someone else has to pay. Or is it simply postponing interest costs to later?

[Answer] (Vague and nebulous)

[Question] Is it really moral or equitable to protect the banking market and capital income to such an extent, whereas you were less cautious with other professional categories?

[Answer] (None)

[Question] Could we make over 30 billions on the public debt and thus save on other unpopular measures?

[Answer] Let us begin by implementing our decisions. The balances of our plan are not free. I told you that Professor Moesen finds them good. Our plan, with its balances, is not free. It will enable us to get out of our difficulties.

If we implement it, it will be a first substantial step toward breaking the vicious circle of the public debt.

[Question] A first step... Will there be others?

[Answer] It is clear that if we fully implement the budgetary plan, we can make a go of it--as shown by the simulations of the commissariat to the plan. On the other hand, it is also clear that if we do not implement the plan, an even stricter one will have to be drawn, with the aggravating result that no one will believe us again. There will no longer be popular support to authorize another Val Duchesse. The political class is playing today its last budgetary card.

Revitalization

[Question] In addition to the budgetary austerity, should not wages be eased?

[Answer] I hope that an interprofessional agreement will make it possible both to safeguard the competitiveness of the enterprises and somewhat increase the wages through a work dividend system, like the Leysen one at Gevaert. Where it is possible to do so, cadres must be revitalized.

[Question] Are there no longer general rules?

[Answer] That is right. We must no longer speak of "the" competitiveness, no longer call upon "the" salary and "the" working conditions. There are today "many" competitivenesses, "many" salaries and "many" working conditions. This must be analyzed sector by sector, enterprise by enterprise.

[Question] Let us get back to you. Are you a happy minister?

[Answer] (Pause for thought) I like what I do...

[Question] And you like all your colleagues?

[Answer] (Laughter) Sure, even if, from time to time, one of them is more annoying. I have an interesting post. I can control everything. However, my duties are also difficult. It is necessary to fight all the time.

[Question] Did you expect something else?

[Answer] No! My challenge was that, having spoken for 4 years about the public debt abyss, the time had come to go into action with everyone looking. But I have Marten's firm support. Nothing would be possible without that and without him. You remember the sad fate of previous reorganization plans.

Reshuffle?

[Question] But are the discussions difficult?

[Answer] To be sure. We discuss. It is difficult. But all of that is normal, for we want to implement what we have decided.

[Question] The government seems tired. Has it not reached the end of its rope?

[Answer] (Smile) Vacation time is drawing near. No, let us be serious. I believe the government remains impelled to implement its plan, for everybody is aware that, for the first time in 10 years, and thanks to the conditions of the international economic context, we can solve the serious problem of our public finances, and heal our situation as Europe's invalid with the highest interest rates and the largest deficits. To be sure, we will meet many more problems: Community and pressure groups, Happart... But we can solve them if we all remain aware of this historical possibility of solving the problem of our finances. The greater part of the majority knows it. It does not want to miss such an opportunity. There lies the cement of the coalition.

[Question] Will a ministerial reshuffle be needed?

[Answer] It is the prime minister who must decide whether or not the time is right for such a move.

[Question] And if Happart were dismissed by the Council of State in September?

[Answer] We will see in September. We must respect the decrees of the Council of State.

[Question] It is a mighty big question mark.

[Answer] It has been a question mark for 5 years.

[Question] There is also the dossier on the mines and the RTT [Telegraph and Telephone Administration]?

[Answer] It is true that the community issue will be reopened in September and that some people are sometimes tempted to brandish it for lack of having worthy arguments in the economic dossier.

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ECONOMIC FRANCE

LEADING EXPORTING SECTORS OF ECONOMY ENUMERATED

Paris LES ECHOS in French 18 Aug 86 p 2

[Article by C. C.]

[Text] Viewed in the same way as the half-empty bottle, French foreign trade is not exactly blossoming. Its foreign deficit persists, its market shares are dwindling and its industrial trade surplus is declining.

But if one views it as a bottle half full, the gloom is soon dispelled. Is France not the fifth-ranking exporter in the world? What is more, it would easily take fourth place away from Great Britain if the latter did not export its black gold. Furthermore, has it not taken giant strides in 25 years, increasing its export effort by 12.8 percent and its GNP by 24? Finally, France can pride itself on a number of its export sectors.

A study completed by those close to the CNPF [National Council of French Employers] has singled out some 20 high-performance sectors among the top in the world, along with some 1,000 enterprises leading the way on the world market.

Among the sectors earning the most foreign exchange are, the study finds:

Agro-food: With 11 percent of the world market, France is in second place among exporters, after the United States. Furthermore, this sector achieves the top surplus in our trade balance, with + 34.2 billion francs in 1985. But if French agro-food churns out so much foreign exchange, it is too frequently thanks to unfinished products and not enough thanks to the stagnant processing industries.

The main export subsectors are wines and spirits, grain, meat, chocolate, canned goods and dairy products. However, a threat looms on the horizon to these industries, which devote but .3 percent of their turnover to research, compared with 2.3 percent for French industry as a whole.

In addition, this sector is characterized by an extreme scattering of enterprises: a total of 4,000. This scattering stands in the way of an adequate investment effort aimed at competing with international giants in the profession that are waging the offensive in research, innovation and concentration.

Aeronautics and space industry: Here also, France occupies second place among world exporters. With 70 percent of its production exported, the sector managed a surplus of 14 billion francs last year. The second-ranking producer of aircraft in the world, France is also the second exporter of civilian helicopters.

Arms: Out of the $90 billion in world arms sales, France is in third place (11.5 percent of the market), behind the United States (36 percent) and the USSR (30 percent). Some 40 percent of all French arms production is exported, representing 5 percent of all of our exports and 17 percent of our overall equipment sales. This sector showed a surplus of 30.5 billion francs last year.

Automobiles: French autobuilders, with 58.5 percent of their production sold abroad, last year retained their third place in the world, after the Federal Republic of Germany and Japan. The balance of trade is positive with a surplus of 13 billion, to which one must add the 17.9 billion taken in for spare parts.

Mechanical equipment: With 102 billion francs in products exported, or 42 percent of the sector's turnover, mechanical equipment in 1985 contributed a surplus of 14 billion francs to our trade balance. Countries of the OECD absorbed 57 percent of our exports and sales to Africa are declining. Although the machine-tool sector cannot claim to be an export leader, it is clearly on the rise. Its export results rose 63 percent in 1984.

Electrical and electronic equipment: These industries combined achieve 45 percent of their turnover from exports. Foreign trade showed a surplus of 9.4 billion in 1985. The balance of this sector could be much better if it were not burdened by the deficit (- 1.4 billion in 1985) of the electronics group, which presents highly varied results depending on the product. While professional equipment is outstanding, as in the case of passive component parts, consumer electronics leave much to be desired, with a rate of cover of only 36 percent.

Chemistry, parachemistry and pharmacy: France is the fourth-ranking exporter in the world, with 117.7 billion francs, after the Federal Republic of Germany (230 billion), the United States (160 billion) and the Netherlands (125 billion). The essential portion of the profit balance (23 billion francs) is obtained from cosmetics (+ 10 billion), pharmacy (+ 8.6 billion) and plastics (+ 2.8 billion).

The fact remains that the structural evolution of the profession is still a matter of concern. French chemistry achieves most of its results with the Third World (20 percent), while its trade declined last year with the EEC (- 3 percent) and the United States (- 2 percent).

Tourism: In 1985, it brought in nearly as much as agro-food (31.5 billion francs). It occupies 12 percent of the international market and obtains most of its receipts from EEC countries (33 percent) and the United States (31 percent).

11,464
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LATEST INFLATION FIGURES ANALYZED BY PRODUCT

Paris LES ECHOS in French 26 Aug 86 p 2

[Text] According to INSEE [National Institute of Statistics and Economic Studies] figures, the price index rose .1 percent in July (the previous estimate was between .1 and .2 percent). This is a particularly encouraging sign for the government, inasmuch as the process of unfreezing prices requires a period of calm. Naturally, what one has is more a drop in imported inflation than any control of internal factors of inflation.

Consumer Prices July 1986 (Base 100, 1980)

Category	Variation in Prices (in percent) Past 12 Mos.	Past 6 Mos.	Past 3 Mos.	July
Overall	+ 2	+ 1.1	+ 0.7	+ 0.1
Food (including beverages)	+ 2.4	+ 1.2	+ 0.7	+ 0.4
Manufactured products	+ 0.2	+ 0.1	+ 0.4	- 0.3
Incl. Clothing & textiles	+ 6.5	+ 2.5	+ 1	+ 0.2
Other manufac. prod.	- 1.3	- 0.5	+ 0.3	- 0.4
Services	+ 4.3	+ 2.6	+ 1.1	+ 0.5
Manu. prod. private sector	+ 4.8	+ 2.5	+ 1.1	+ 0.4
Services private sector	+ 4.6	+ 2.8	+ 1.4	+ 0.5
Public rates, energy	- 9.3	- 5.2	- 1.1	- 2.1
Rent, water distributed	+ 5.2	+ 2.5	+ 0.8	+ 0.7
Health services	+ 2.1	+ 1.7	0-0	0.0
Public rates	+ 0.6	+ 1.1	+ 0.8	- 0.4
Oil products	- 22.1	- 13.7	- 3.8	- 4.7
Energy	- 15	- 9.2	- 3.1	- 3.1

In July, food nevertheless contributed greatly to the rise in the index. With .4 percent, that column registered the increase of a whole series of items (fresh pork, ham, dairy products, fresh fruits and vegetables). In the months ahead, the drought and climatic difficulties would continue the upward pressure on a number of food products.

In contrast, manufactured products pull the index downward with a -.3 percent. This figure is essentially due to public rates, a warning signal. Actually, manufactured products of the private sector registered a score of +.4 percent in July. Unquestionably, enterprises are hesitating to allow the consumer to enjoy the entire drop in intermediate costs.

At the same time, services forge ahead at a high rate: + 0.5 percent. Here again, one reads a warning signal.

This is so even if the quarterly increase in rents explains a large share of the shift. Hairdressers, entertainment and hotels also play their part. They are in the front line of the deregulation promised by the government.

On the whole, the psychological aspects of this index are important for the conduct of economic policy, but they must be viewed in relative terms by the "in situ" observation of a number of summer visitors who from year to year measure the adjustments in retailers' price tags.

11,464
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CHARACTERISTICS OF UNEMPLOYED WORKERS REVEALED BY POLL

Paris LE MONDE in French 29 Aug 86 p 22

[Article by Alain Lebaube]

[Text] A BVA survey has revealed the characteristics of unemployed workers not receiving compensation (1.1 million in 1985). Although not demanding regarding their employment, they have few illusions. Many handicaps stand between them and a job and they are difficult to overcome. Their way of life is financially troubled. Fortunately, family solidarity helps a great deal.

With a poll completed based on a survey completed by the BVA at the request of the Ministry of Social Affairs, we now have a better understanding of unemployed workers not receiving compensation. Their existence and exact number had previously been the subject of great controversy. (Footnote 1) (The poll was completed in July 1985 and included a representative sampling of unemployed persons not receiving compensation. The analysis was done by Mireille Elbaum and Philippe Faure and published in the June 1986 issue of the Ministry of Social Affairs and Employment's TRAVAIL ET EMPLOI. Based on UNEDIC estimates, unpaid unemployed persons numbered 1,118,000 on 31 December 1984 and made up 41 percent of all jobseekers. The poll surveyed 75 percent of that population.)

The study distinguished three categories with different behavior and characteristics: unemployed persons never having had access to any compensation, either out of ignorance or rejection of their application; unemployed persons having come to the end of a short period of compensation, mainly young people and women; and unemployed persons having exhausted their right to compensation and having been laid off after a long period of activity.

On the whole. there are more women and young people among the unemployed having never received compensation, with the system of compensation being more favorable to older wage earners with long years of service. The level of education and qualifications is relatively low, inasmuch as 58 percent are laborers, OS [semi-skilled workers] or unskilled workers. Some 38 percent have no more than an elementary school education.

Generally speaking, their professional experience is long ago or nonexistent. Some 41 percent have never workers and two-thirds have not had a job for the past 2 years. Their most recent job history shows great instability, with frequent periods of insecure employment and jobs requiring few skills. Over the past 5 years, 42 percent have had at least two successive jobs and 43 percent have had contracts for specific periods of time, temporary and vacation positions, piece work or hourly jobs. Not only did their last job not require skills (63 percent), but it lasted less than a year (55 percent).

Two major groups stand out. On the one hand, one has young people and women and, on the other, "unemployed persons having exhausted their benefits and having shifted from employment to long-time unemployment." In addition, one has repeaters (30 percent), men between the ages of 25 and 39 who are slightly more qualified than the average but handicapped by their health (21 percent).

Neither group has any illusions about its chances. Half believe that they will not find a stable, full-time job and a fourth of them do not even believe they will find any. Skeptical, some 39 percent say they will "perhaps" find a job. And yet, they are not demanding: Some 75 percent would accept an unskilled job and would take a major drop in level. On the average, the wage they demand (4,700 francs) is only slightly over the SMIC [Minimum interprofessional growth wage]. They make few demands: Some 95 percent would accept part-time work, 88 percent temporary work and even jobs known to involve heavy work. The only restrictions: Half would refuse to move or would not put up with a commute of over a half hour.

In their search for a job, unpaid unemployed go to the ANPE (22 percent), ne newspaper ads (19 percent), their families or relatives (16 percent). Their distance from the job market prevents them from using more direct methods and, based on experience, they exhibit some discouragement. These unemployed workers hesitate to renew their efforts, having been unsuccessful in all their attempts. Three-fourths of them have made applications, but only 18 percent have received offers, but without results. In 62 percent of the cases, they obtained no interview with an employer and 19 percent have obtained only one. To explain their failures, they point to personal inadequacy (39 percent) or competition (20 percent). Their requirements do not appear to be an obstacle to work, except perhaps with respect to the wage proposed: an average of 4,200 francs.

Few have taken training (14 percent), although 41 percent have applied. Here again, training does not seem to be a solution for them and they convince themselves of this by mentioning their own difficulty in justify the many refusals they have encountered (50 percent).

In this group, the long-time unemployed workers occupy a peculiar position: They are not as young, not as qualified, not as well-educated, and 20 percent have been fired. They have more health problems, with a fourth of those unemployed for over 3 years being affected by some handicap. Relatively more demanding for possible work, they have more accentuated characteristics: They are more pessimistic about their chances (30 percent have given up), make fewer applications for training and receive more rejections. Their professional relations are fewer and they are in a poorer position for moonlighting.

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INDUSTRY GROUP FORECAST STRONG GROWTH FOR 1987-88

Stockholm DAGENS NYHETER in Swedish 23 Aug 86 p 10

[Article by Jan Magnus Fahlstrom: "15-20 Months Prognosis. Industry Believes in Doubled Growth"]

[Text] The growth rate of the Swedish economy is increasing. Industrial investments, production and export are gathering speed. Private consumption will reach new heights. The ability to compete and the balance of trade remain very healthy. Employment will increase and unemployment will remain under three percent.

We will do that well according to the prognosis for the next 15-20 months published by the economic-political department of the Industrial Union last Friday.

The basis for this optimism is the favorable progress in several West European leading economies, important markets for the Swedish industry.

After a tentative beginning early this year, there are now such clear indications of a boom in Western Europe, according to the report, that a "continuing strengthening seems almost assured." The conditions for a significant and lasting recovery seem to be better than they have been for a long time.

The Industrial Union says that the "upwards correction of the business trend," which has recently taken place in Sweden, is thereby assured and that prospects are good for a new growth phase after the weakening trend in business that began in the fall of 1984.

The Swedish gross national product (GNP, the total production of goods and services) increased by 3.4 percent in 1984 and by 2.3 percent in 1985. According to the prognosis, the growth will continue to slow down to 1.5 percent during 1986. But in 1987 it will take off again to 2.5 percent.

Twofold Increase

As far as industry production is concerned, the growth will be doubled from 2.0 percent this year to 4.0 percent in 1987. The Industrial Union sees a zero growth in industrial investments in 1986 but an increase of ten percent in 1987.

The volume of export will increase by 5.4 percent in 1987, compared to 4.1 percent this year. Regarding imports, the increase will be larger, from 3.7 to 5.9 percent.

This, combined with the fact that import prices increase faster than export prices, will have as a result that the extremely high surplus in the balance of trade of 33 billion this year will be lowered to 28 billion in 1987.

The exchange surplus, the net exchange of goods and services with the rest of the world including payment of interest, will be lowered from nine to six billion. The business balance with other countries remains positive.

Below Limits

Inflation, measured as the increase in consumer prices from December to December, is estimated at 2.5 percent for 1986. Consequently it will be well below the 3.2 percent limit, above which the wage-earners have the right to demand renegatiation of this year's contracts. The Industrial Union is assuming, however, that the interest rate will fall another point during the year.

The inflation average for 1986 is estimated at 4.3 percent. During 1987 is estimated that it will rise somewhat to 4.5 percent, due to increased import prices and continued, relatively rapid increase in the cost of labor per production unit.

The rise in private consumption will remain at 1.9 percent this year, according to the calculations of the Industrial Union, and then increase to 2.5 percent next year.

Differs

It has to be noted, that the Industrial Union's prognosis, by assuming a greater increase in consumption in 1987 than in 1986, differs from all the others published in May-June by the economists of banks and wage-earner organizations.

The same is true of the figures for the economic growth, the increase in the GNP. The Industrial Union is alone in counting on a higher rate of increase next year. The Swedish Federation of Trade Unions assumed an unchanged rate of 2.8 percent, the other prognoses a clear weakening.

The economists at the Industrial Union are about four months behind the others, consequently, they have been able to make use of more recent information, the clear signals about a boom in Western Europe, among others.

In other respects, they base their optimism on factors that, as early as this spring, caused the forecasters to revise their opinions in a positive direction: lower oil-prices, dollars, interests and inflation. With the exception of the oil-prices, these factors have been rather strengthened during the summer.

The Industrial Union admits that in addition to the favorable conditions abroad the economic policy has helped:

The government deficit has been cut in half from eleven to five percent of the GNP. The deficit for the consolidated public sector (the state, the local authorities and the Social Security sector) has been brought down to about one percent of the GNP.

Add to this that the two-year contracts in the market place mean a "strong correction in the right direction."

The Industrial Union says that we must not forget to release the investment funds for machinery and inventory during 1987 and 1988. Those are measures that are so urgent that "it must be assumed that they will be implemented" during this fall.

If the investment funds are released they will, according to the authors of the report, give a real boost to the investments when the market prospects as well as the increased ability to compete because of the rate of exchange, especially with West Germany, become apparent.

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West Europe Report

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DEPUTY FOREIGN MINISTER ON U.S. RELATIONS, BASES

Athens TAKHYDROMOS in Greek 21 Aug 86 pp 12-14

[Interview with Deputy Foreign Minister Giannis Kapsis, by chief editor Bambis Liapis]

[Excerpts] [Question] An opposition newspaper has written that today there is a web of agreements in Greek-American relations, including the following: a) A new agreement on the bases, which will be signed in May 1987 and which provides for a solution, a "consensus," on the 1983 agreement, b) abolition of the Ellinikon base, c) a consolidation of the bases at Nea Makri and Kato Souli and a strengthening of the operational capabilities of the bases on Crete, d) bringing the radar and nuclear weapons installations under the jurisdiction of NATO. At the same time, the Americans are beginning to construct three new storage depots for nuclear weapons.

[Answer] What are you saying to me? Are so many things happening around me that I have not heard about? But it seems to me that a certain confusion has arisen. Let us clear up these things. There is a 1983 agreement on the bases and nothing more. No discussion, no reconsideration, nothing more than the well-known statements of the premier. But I want to call to mind something here: When the agreement on the bases was signed, everybody was saying that it did not have a fixed term. Today everybody, Greeks and Americans, acknowledge that the agreement terminates on 30 December 1988. It is an interesting admission after the fact, and the only new element in the entire matter.

But let us continue: How is it possible for an agreement on consolidating the bases of Nea Makri and Kato Souli to be anticipated, when what we have here is the same facility and not two different bases. At Kato Souli--that is, at a distance of 2 to 3 kilometers from Nea Makri--there are two or three antennas and nothing else. You spoke about strengthening the operational capabilities of the bases on Crete. But none of the American bases in Greece has operational capabilities--that is, war-operation capabilities. Here the mistake is excusable, because in English the word "operation" denotes every kind of functioning or activity, including even surgical operations. Clearly, this is where the mistake lies, and it could even be worse. That is, if it were to be written that at the Crete bases the Americans will now have the right to do tonsillectomies or open-heart operations. And finally, how can we speak about nuclear weapons when about a year ago the Americans withdrew a large number of nuclear weapons from northern Greece, while just recently the government announced that it has refused to permit the upgrading of three new storage depots for nuclear weapons.

[Question] So, the Americans are pulling them out?

[Answer] No. The decision on their removal was made by Andreas Papandreou. It was he who refused to permit the modernization, he who stated that the nuclear weapons will be removed. And on the basis of the position of the Greek premier, NATO and the Americans have been removing them. In any case, even the few nuclear weapons still here are nonfunctional, since no American combat aircraft that could use them in any possible case is stationed on Greek soil. In reality, they are waiting to be removed, since they are already obsolete and essentially useless.

[Question] The U.S. assistant to the secretary of state, Mr Ridgeway, stressed that "there are no particular obstacles to concluding a defense and economic cooperation agreement with Greece." The government spokesman responded that Mr Ridgeway evidently means that "the various possibilities and areas of agreement are still being studied." Could you perhaps be more specific?

[Answer] You put me in a difficult position. Because I am obliged to point out the blunder of a newspaper that has depicted the statements of Ridgeway as a commencement of talks on the renewal of the agreement on the bases!!! The agreement on industrial cooperation is a consequence of the agreement on the bases, and the relevant paragraph was inserted upon our own insistence. And it aims at balancing the flow of foreign exchange--that is, the foreign exchange that we give in order to purchase defense equipment from the United States is to be balanced by the inflow of foreign exchange that we will obtain from our own exporting of goods or services. This agreement is very near completion. And it is clearly to our benefit.

[Question] Perhaps from an economic viewpoint, in your opinion. But does not this sort of thing strengthen the ties of dependence on the United States?

[Answer] An answer to your question could be found in the present circumstances of Greek-American relations, which have been put on a basis of genuine equality, and the negotiations that are being conducted aim at nothing else than the placing of all our various relations on this basis. However, I will not be unfair to you for the question. When Premier Andreas Papandreou set this goal, many regarded it as utopian. And when the agreement on the bases was being discussed in the Chamber of Deputies, the premier had stated that "with this agreement, the foundations are laid for a relationship of equality between the United States and Greece." He was absolutely in the right. I should add also something more: Our age is very far removed from the age of gunboat diplomacy--that is, the age when the great powers imposed their occupation of a country by way of the force of arms. In fact, if one studies international relations more carefully he will find that nowadays, because of the correlation of forces and the balances that the great powers themselves have formed, they have less maneuverability than the smaller countries. And not only do they exert pressures, but they experience pressures as well. Thus, an equality is being created on a new level.

[Question] But do you truly believe that there can be relations of equality between a small country and a superpower such as America? Let us take a specific issue: This year, American tourists have not come to Greece and to most of the European countries, owing to the travel directives and the more general psychotic campaign over terrorism. On such a specific issue, what opportunities are there for a counterbalancing pressure by the small countries of Europe, including Greece?

[Answer] I do not know about the other European countries. As to this psychosis more generally, it should be emphasized that it has been skillfully fomented in such a way as to turn the stream of American tourists towards the western states of America and towards the American tourist centers in general. That is, it has served domestic economic interests of the United States. But more specifically concerning the travel directives, do you think that these have come from good and sincere intentions, or were they perhaps also a part of the ceaseless game of balances? I leave this to your own judgment.

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POLITICAL GREECE

IMPROVED RELATIONS WITH U.S. SEEN CONSEQUENTIAL FOR COUNTRY

Athens I KATHIMERINI in Greek 7-8 Sep 86 pp 1, 3

[Article by Nikos Simos: "The U.S. Role Now Considered as Primary in the Country's Development"]

[Text] The erstwhile "metropolis of capitalism"--according to PASOK--is today for the government not only the "lifesaver" of the present but also the "vehicle" for development in the future. To such an extent, moreover, that, at this moment, the government considers the role of the U.S. as more important than the one EEC--of which Greece is a member--can play for the solution of our problems.

These assessments by reliable sources are based on a number of facts which justify the above observation regardless of whether the government contributed to such fact or they are the remotest result of an unsuccessful policy as implemented in the past 5 years.

Indeed, it is difficult for one to overlook or to misinterpret the meaning of today's admirable cooperation--to the relief of all prudent Greeks--between Greece and the U.S. and the government's turn toward the U.S. either for solving the national problems or for obtaining American resources. Additional reports strengthened the above assessments. Thus:

--Today, any American substantive request--within the framework of the agreement for the bases--is being satisfied which deals with expanding the operational possibilities of American forces stationed in Greece. Already the Greek government, abandoning the cheap demagoguery it used in order to come to power, considers all modernization as serving NATO's objective (and not the U.S. imperialistic plans) and, therefore, the defensive ability of the country also.

One applauds the decision of Papandreou to keep the bases and exploit them economically in the framework of this new policy and in the approach to the U.S.

Thus, according to the same sources, when the relevant agreement terminates, new negotiations for revising the status of the bases will be initiated--as per the Turkish model--in exchange for payment by the U.S. of a considerable amount in exchange, presumably in the form of rent. This economic compensation--very significant for our economy which is unable to shake off inflation--will be a strong argument by Papandreou in persuading the plethora of party cadres who, during PASOK's ascent to power, developed into political entities and continue to believe that deficits of ailing enterprises would be met when...the bases are removed from Greece and when Greece leaves NATO.

More Airplanes

In support of the above assessments is the recent report that the government decided to buy 20 more F-16s and thus complete "the purchase of the century" with 100 aircraft. The final confirmation of this report will mean that defensive cooperation between the two countries is inevitably becoming closer.

In this framework we should also place the recent American decision to have our country continue the exclusive repair and servicing of the F-4 engines. It is a gesture which expresses Washington's wish to tighten its defensive cooperation with Greece since, a) the exclusiveness was not granted for the first time as the Greek government tried to have it appear. Such repairs were also done when ND was in power; and b) the American side faced a problem because of the high cost the Greek aircraft industry showed compared to other competitive industries. Finally, however, it decided to continue cooperating.

Relations with Albania

According to other reports which support the expansion of Athens-Washington cooperation, one of the reasons the government is restoring relations with Albania with an aim at ultimately lifting the existing war status between the two countries, is to gradually attract Albania to the West. Such a thing which, it is said, constitutes an American recommendaiton to the Greek government, can be achieved with Albania's cooperation with Western countries so that abandonment of its isolation will not take place with a simultaneous expansion of its cooperation [sic] with countries of the Eastern Bloc. Presently Greece is the only country friendlier to Albania than anyone else.

Another element which confirms that the new era in Greek-American relations also dictates a change in Greek foreign policy is the progress achieved in Greek-Israeli relations...to a point, moreover, that it is expected that the Greek side will extend a de jure recognition of Israel in the near future.

This turn toward Israel also proves that Papandreou has become aware, albeit at the last moment, of the importance lobbiests have in the whole mechanism of the American political system. In this sense one should also evaluate the visit of [John] Spanos [California businessman] to Greece, although the government diminished its importance by the manner in which it handled it. Regardless of the doubtful results for investments for which the government gave Spanos lavish care, the fact remains that PASOK is trying to win over American Greeks whose role in the American system it took care to humiliate and downgrade in the past 5 years.

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CSO: 3521/250

CONFLICTING REPORTS ON RELATIONS WITH EEC

Athens I KATHIMERINI in Greek 11 Sep 86 p 1

[Article by Rikhardos Someritis: "A Crisis of Trust in Relations Between Athens and EEC"]

[Text] At a moment when "the battle of Turkey" is taking place in Brussels, Greek-EEC relations are in danger of being led to a new and probably detrimental "crisis of trust" if new positive handlings do not forestall such a development.

This assessment is made by a reliable European source and is based on disturbing concerns in many European capitals provoked by recent statements and revelations by PASOK cadres who are directly connected with Papandreou and who let it be understood that they always aim at a disengagement of Greece from the EEC--albeit in the distant future.

Strategic Target

The most characteristic, disturbing and negative opinion about relations with EEC is attributed to Georgios Papandreou, who is not only the premier's son but also a PASOK cadre and government member. According to what is attributed to him, G. Papandreou said that the exit by Greece from EEC remains a "strategic target" of the Movement.

It is claimed that similar views were expressed recently by other PASOK cadres. Of course, it has been pointed out that at about the same time National Economy Minister Simitis said on the occasion of signing the impressive Mediterranean Comprehensive Program for Crete, that development of the Greek economy is now connected with EEC.

However, this statement does not seem to have convinced all EEC members who, relying on "the lessons from PASOK's past," are suspicious about true Greek intentions.

Terrorism - Economy

Only a few months ago (last May) when [President of the Republic] Sartzetakis visited Paris, Greek government officials were able to find out how negative, even then, was the opinion not only of economic circles but the French leadership as well, about Greece's behavior in EEC and the total "non-communal" policy of the PASOK government. This does not only concern politics--starting with close European cooperation for coping with terrorism--but with economics as well.

Greece has gained the reputation of a bad partner not because it supports its interests (everyone does so) but because it does not observe its obligations and "marks the cards."

Renewal of the impression that PASOK squints on Europe since it always looks at a future outside EEC, does not, of course, correct matters, nor does it strengthen Greek positions even as concerns the Community's relations with Turkey, a problem which is not terminated with the present discussions in Brussels but on the contrary, is brought to the fore.

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FREE DEMOCRATIC PARTY ORGANIZES IN KAYSERI

Istanbul TERCUMAN in Turkish 7 Jul 86 p 8

[Report by Mehmet Kiracioglu]

[Text] Kayseri--The Free Democratic Party's Kayseri Provincial Organization and Kayseri Central County Organization have been established.

A press statement prepared by the party's Kayseri organization begins with the slogan "National development, new horizons in social prosperity" and says:

"We have embarked on this course with the belief that Turkish nationalism, which is inspired by Ataturk's principles and which embraces our great nation--which has been an honored member of the human community with which it has shared a common fate for centuries with a love for God, country and humanity within the bounds of National Pact [of 1920]--and the pledge to defend the Turkish republic which is based on nationalism, democracy and human rights within the framework of the principles of national unity, the country's integrity and indivisibility and the democratic and parliamentary regime it is built on are inseparable parts of our democratic regime."

The assignments to various offices are as follows: Provincial leader, Ziya Silahtaroglu (industrialist, merchant); deputy provincial leader, Adem Yozgatligil (lawyer); secretary, Mustafa Serpil (contractor); treasurer, Ahmet Sert (accountant); members, Cemal Aslandag (merchant), Hakki Ulusoy (retired teacher), Mustafa Zirhli (senior architect and engineer), Hayrullah Gozubuyuk (physician), Mustafa Kucuk (labor unionist), Erol Uncuoglu (architect), Vahdi Icellioglu (miner), Ali Patpat (senior agricultural engineer), Mithat Sagar (retired teacher), Nahit Esen (physician) and Mustafa Akkas (senior geological engineer).

The FDP Kayseri Central County Organization is set up as follows: leader,Fikret Buyukkurkcu (industrialist, merchant); deputy leader, Mehmet Ilik (lawyer); secretary, Mehmet Samli (merchant); treasurer, Ali Riza Incetan (economist, merchant); members, Ismail Feciroglu (retired teacher), Izzet Ozgermirli (physician), Erol Eralemdar (merchant), Mehmet Timucin (civil engineer) and Memici Kizilkaya (industrialist).

9588
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MUNICIPALITIES ACCUSED OF CORRUPTION

Uskudar Mayor Replies to Accusations

Istanbul MILLIYET in Turkish 14 Jul 86 p 12

[Text] Uskudar is a historic county whose problems have been ignored and have remained unresolved for years. According to SDPP [Social Democratic Populist Party] members of the Uskudar Municipal Council, many problems that awaited attention when Mayor Necmettin Ozturk took office are "still unresolved."

According to Ozturk, work "is rapidly progressing" in Uskudar, which has "serious infrastructure problems" such as a shortage of roads and sewage systems. According to SDPP members of the Municipal Council and the people of Uskudar, "progress is out of the question." Ozturk says: "Between last May and today we have poured an average of 600 to 700 metric tons of asphalt. This means around 40 truckfuls of asphalt a day and the paving of 6 to 7 kilometers of roads a day." On this issue, the biggest criticism comes from the taxi drivers: "Where are these paved roads?"

Ozturk told our correspondent who investigated the accuracy of SDPP council members' complaints: "None of the reports that have reached you deserve any attention." He added: "We do not pay any attention to such remarks."

In response to a question about the stage reached in the resolution of the infrastructure problems of the county, Ozturk said that 80 percent of the roads that needed to be built have been completed and that his municipality is conducting more canal work than ISKI [Istanbul Water and Canal Works Administration]. Giving an example on this issue, Ozturk said that 86 of the 98 streets in the Mustafa Kemal subdistrict have been completed. SDPP council members who charged that Ozturk is lying on this issue said: "In the said subdistrict there are only 48 streets, not 98. We are prepared to prove how many streets there are. That fact alone proves that the mayor is lying."

Hearing about the accusations of the SDPP council members, Ozturk pointed to his chair and said: "Even as mayor, I am working from a worn chair. We do not waste a single penny. In any event, the financial condition of our county does not permit that." Ozturk added that a survey conducted by Istanbul Metropolitan Area Mayor Bedrettin Dalan showed him to be the second hardest working and most liked mayor after Beykoz Mayor Ali Zengin.

The charge Mayor Ozturk resents most is that of "irregularities in contract biddings, payments and fee collections." Stating that he has no links with any irregularities, that he does not take any bribes and that his constitution does not permit that, Ozturk said: "If you find someone in Uskudar who will say that I accept bribes, then I will accept anything you say."

What Does the Mayor Say?

--It is true that my brother has some land, but permission to build on the land was obtained in the 1970's. No action was taken with regard to that issue during my tenure. I cannot do anything but laugh at this extremely naive concoction.

--I do not recall anything like that. No one would dare to falsify an official document as you say.

--There are no public works projects under way in the Elmali Bendi water collection region. Moreover, the situation of those who are forming cooperatives and who are selling those lands does not interest our municipality. The building of structures can be permitted only after a local public works plan is drawn up.

--It was previously rejected because our studies showed that it is an area that is vulnerable to winds. In any case, that was on the Kucuk Camlica side. This one is in Buyuk Camlica. Moreover, the issue is on the agenda of the Metropolitan Municipal Council. Besides, I favor the construction of a good and large touristic hotel in Uskudar irrespective of who builds it or where it is built.

--When stores were built on the edge of the Dudullu Cemetery, that area was a village. The municipality had no jurisdiction there. After that area came under our jurisdiction, we asked for maps from the Cemeteries Directorate General and built a wall in accordance with the boundaries shown on the map. We could not move back the old wall, because there was no old wall.

--As far as I know, there is no such factory in Kartal. Moreover, the tile makers in Uskudar can make those tiles. Our municipality wanted the small businesses to do this job; otherwise we have not collected any money.

--The mayor never interferes in elections for village or subdistrict headmen. The problem of services not being performed in that area is as follows: When they were digging for the canal they struck rocks. When we could not remove the rocks using dynamite, we began operating an air compressor. You can appreciate that working with bare muscles would take a lot of time.

Ozal Dismisses Corruption Charges

Istanbul TERCUMAN in Turkish 13 Jul 86 p 7

[Report by Sadettin Erkisi]

[Text] Stating that charges about corruption in the municipalities have increased in recent days and that most of these charges are untrue, Prime

Minister Turgut Ozal said: "I believe that some of these charges are leveled in order to make us back down from the metropolitan system. No matter who says what on this issue, what we are doing is right. We gave our municipalities both the authority and the means."

Yesterday, the Prime Minister laid the cornerstone of the Kadikoy town hall to be built in Sogutlucesme. In a speech at the cornerstone-laying ceremony for the building—which will be a 5-story structure on an area of 17,000 square meters and will be ready for use at the end of 1987—Ozal said:

"We attach great importance to our cities. We gave our municipalities both the authority and the necessary means. Naturally, in places where such extensive means are provided and where people are not accustomed to dreaming about such large projects, some problems and some of our traditional diseases may crop up. Cliches like 'there is corruption' or 'the authority given is being abused' may be uttered. I am never against that. Reports and petitions based on serious investigations may be submitted, and we will do what is necessary. In fact, such petitions have been filed. Our Ministry of Interior is studying these petitions. The necessary investigations have been made. But let me state that most of the charges contained in these petitions have proven to be baseless."

Ozal continued:

"We are here to serve the people. The principles we have established are sound. In other words, service to the people is best provided locally. The people cannot be served by orders from someone sitting in Ankara. For that reason, no matter who says what, the system is correct. The people will benefit from this. Otherwise, we will return to the old days. All our mayors are working very well in Istanbul. I thank all of them, particularly Bedrettin Dalan. Soon you will be able to swim on the beaches of Bakirkoy and Kadikoy. I will throw Dalan into the sea first as soon as the Golden Horn is cleaned."

Minister of Public Works and Housing Safa Giray, Istanbul Mayor Bedrettin Dalan and Kadikoy Mayor Osman Hizlan also spoke at the ceremony. Later, Ozal and his entourage toured the yacht marina that is being built in Fenerbahce and were briefed on the project.

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ARTICLE GIVES PERSONAL GLIMPSE OF OPPOSITION LEADER INONU

Istanbul CUMHURIYET in Turkish 26 Jun 86 p 8

[Text] Social Democratic Populist Party [SDPP] leader Erdal Inonu occasionally surprises those around him with his actions and sudden decisions. Such actions by Inonu do not cause any resentment, but they are strange for a conventional politician in Turkey and particularly for the main opposition leader. The first ones to be surprised by Inonu's actions were the chauffeur and security guards assigned to the main opposition leader. The security guards who went to the Pink Mansion to pick Inonu up were panicked when they were told that Inonu had left much earlier and had gone to the general headquarters on foot. The security guards eventually learned that this is Inonu's "natural" style; when they began going to the Pink Mansion earlier than scheduled to pick Inonu up, occasionally they had to watch him get out of the car and walk.

Inonu, who walks alone on the street to the SDPP headquarters like an ordinary citizen, needed some medicine recently. When he realized that he was running out of medicine just before the party's Chairmanship Council meeting, he declined his secretary Hadiye Nugay's offer of having he medicine bought, and in his usual manner he began walking to the pharmacy. Inonu then turned to the security guard running after him and asked him to walk by his side and returned to the general headquarters after buying his medicine.

Another action by Inonu which surprised his colleagues at the party general headquarters was his decision to join Prime Minister Ozal's tour of the Southeast Anatolia Project [SAP]. That day, Inonu was on his way to the airport to fly to Istanbul; suddenly he decided to return to the headquarters and told his surprised colleagues at the headquarters: "I am going to Malatya to join the SAP tour." Rejecting advice that he not join Ozal's tour, Inonu joined the tour--for which he was later criticized for "sitting behind the Prime Minister"--and returned from Malatya fairly pleased.

When Inonu remained too far behind during the opening ceremonies of a railway bridge in Malatya, he went directly to section reserved for ministers and with his usual relaxed manner he asked the minister sitting next to the Prime Minister to move somewhere else, saying: "I think I am supposed to sit here as the main opposition leader." The minister was forced to vacate the seat in the face of Inonu's justified request. Reporting his impressions of the

Malatya tour to the SDPP's Central Decision and Administrative Council, he noted that some SDPP members did not come to the ceremonies in order not to have a large crowd at a ceremony attended by the Prime Minister. He said: "In fact that was not a problem. We did not have any instruments to measure it, but I received a bigger applause than the Prime Minister. If we wanted we could have received a bigger applause. However, our goal is not to win applause but to show that we stand behind these installations built with government money."

Inonu, who surprises those around him with his sudden decisions and actions, now is trying to put Ozal off guard in order to have the by-elections held as soon as possible. In response to criticism that his party is not waging effective opposition, Inonu said half-jokingly: "We will not be able to force by-elections any other way. Maybe Ozal will think that we are not working and he will decide on by-elections. Our strength will be seen when the elections are held."

We will all see if the new SDPP leader, who has often surprised those around him and those who see him walking in the street with his ordinary citizen style, will be able to surprise Ozal and his supporters in the coming days.

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PEN NAME FOR CUMHURIYET COLUMNIST REVEALED

Istanbul CUMHURIYET in Turkish 13 Jul 86 p 2

["Yes/No" column by Oktay Akbal: "Afternoon Chat at the Office"]

[Text] We are sitting and talking. It is very, very hot. Tomorrow, [Ali] Sirmen is leaving for Bodrum; Ilhan [Selcuk] is going even further away: He is going to places he has missed since 1966. This does not happen very often. We never manage to get together. People think that Ilhan, Ali and I frequently get together to discuss events and to talk about our problems. For one thing, there is no time. For another, we do not get the chance: As soon as we get a conversation going, the telephone rings, or someone comes to visit—a friend, an acquaintance or a reader. At best, we can get together with close friends somewhere outside the office, on a table and with a few drinks.

I take a magazine in my hand and use it as a fan. Right at that time, Ilhan says: "Oktay will probably describe these moments in one of his articles. It will probably begin as follows: The weather was hot. We were looking for a cool place. Ilhan was speaking. The rest will follow." We laughed. I thought to myself: Why not? It is a nice moment. It is a moment of friendship. All three of us are healthy—at least at this moment and at this time. Although a short while earlier we had heard that a friend had been hospitalized and we were saddened. After the phone call, Ilhan had said: "Not a day goes by without hearing about the hospitalization of a friend." We stopped talking for a moment. I thought about that friend. I cannot tolerate hospital rooms and wards. That is why I have a difficult time visiting patients in hospitals. Ilhan is always concerned about the health of his friends. He is always by the side of whoever is in trouble. Perhaps my fear of hospitals comes from the time when as a young boy I left my father in a hospital room never to see him again.

Hasan Cemal has placed a table on the verandah and he is working in the shade. He too complains about the difficulty of writing in this heat. We all want to flee somewhere, a beach, a shady spot, somewhere cool. But work comes first. What is more, this summer will be very hot politically. By-elections will be held at the beginning of October. The excitement, the exuberance and the quarrels are already under way. It appears that Ozal will do everything he can to win—or at least to appear to win. His first step was to take the television and the radio away from the opposition. He will speak as much as he likes, but his opponents will remain silent; then, this will be called a fair election race, and Mr Ozal will not feel the slightest compunction about declaring himself the head wrestler.

Have you seen Ilhan Selcuk's latest book, "It Has Been Seen"? When I say, "the latest" this is the second printing of the book. Our Ilhan is a great writer. His books are loved by the readers and are reprinted several times. His "I Am Thinking; Hit Me" was printed 11 times. That is easier said than done. In the past, he used to say that it is unnecessary to collect articles that have appeared in papers in a book. I would ask him why. There are articles which may be put in the form of books--articles which can be read any time--and there articles which are of a documentary nature. Why should these be left in newspaper collections? Now he too is collecting these articles in books. The interest he has generated is proof of how correct his decision was.

A reprint of Ali Sirmen's "Turkey from Twelve to Twelve" appeared recently. That was followed by "Writings in Handcuffs" which he wrote under the pen name Samim Lutfu while he was in prison. Samim Lutfu was so well-liked that he was about to surpass Ali Sirmen in popularity. When Ali was released from prison, some people told us, "Why do you not hire Mr Lutfu? We like him as much as Sirmen." Later, they realized that Ali and Samim are the same person.

"Who is this Samim Lutfu? I used to say he is one of us. Samim Lutfu was one of us. A person who thought, who wanted to write what he thought, who suffered and who longed for the good and the beautiful."

Many years have passed since then. More than a quarter of a century. Our friendship with Ilhan Selcuk endured through those years without the slightest problem. Have we grown older? Have we become the most senior columnists of Babiali? I have had 30 years of such writing. Ilhan has at least 25. "When you open the window in the cool morning and look outside, you see the arrival of the spring. The trees are blooming. You are surprised that you have stayed away from nature for so long. Then you recall that each tree is different. You think: What were their names? You are upset about your ignorance. You fall in love with their beauty without knowing any one of them. The mystery of the universe's diversity spreads in your person and creates reflections in your soul, and you mirror the trees around you in all their detail like a pond of still water." If Ilhan Selcuk is not a hidden "poet" then what is he?

It is late afternoon. We say: "Let us go to the seaside." A few friends. Mehmed Kemal always talks about "noon drinks" but I prefer evening drinks. His "Noon Drinks" begins: "Come let us drink a cup/Noon drinks are nice/They are unforgettable/Like talking about a woman/Bashful secret bans." But we will raise our evening cups to this heat, to this July and to the cunning of Mr Ozal. Yes, what Ilhan said came true. He had said: "Oktay will probably create an article out of this moment." I did not want to make my friend a liar.

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EUROPEANS CONCERNED OVER 'ECONOMIC REFUGEES' FROM TURKEY

Istanbul TERCUMAN in Turkish 7 Jul 86 p 4

[Report by Sitki Uluc]

[Text] Brussels--Following the recognition in recent months by all Western European countries--mainly Belgium, France, the Netherlands and the FRG--that the issue of "phony asylum seekers" is a common problem and their decision to take "urgent measures," the number of Turkish phony asylum seekers arrested, detained or expelled in Belgium and the FRG in particular has been increasing. It is also seen that smugglers who bring such people to Europe in return for money are also being watched closely and are being arrested. In Belgium, a Turkish travel agent--who is described as a "slave trader" and who smuggled phony refugees to all European countries through Belgium--was arrested. Meanwhile, it was learned that there are a large number of Turks in the Aix-la-Chapelle prison on the FRG border. As a result of steps taken against phony asylum seekers, refugees from certain Latin American and Afican countries who come to Europe to request asylum have also been put in a difficult situation and are being expelled.

Assyrians

The number of Assyrians who were brought from Turkey to Europe through Belgium in 1985 and 1986 and who "requested asylum on the advice of slave traders" has surpassed 20,000. Most of these enter through the border as "refugee candidates" and vanish once they are in the country; they never get in touch with the UN High Commission for Refugees again. Most of the Assyrians, who describe themselves as "economic refugees," say that they were disappointed after arriving in Europe and that they became pawns at the hands of the slave traders. After a period of investigation, the Belgian public prosecutor's office began issuing arrest warrants last week. A travel agent, known as a slave trader, was detained in Brussels. The French, the Dutch and the Germans have imposed special controls at their borders and are arresting Assyrians who are captured in groups.

Armenians

When the number of phony asylum seekers from Turkey increased at the end of last year, some Armenian organizations in Belgium intervened in the issue and used the rise in the number of requests for asylum against Turkey. These

Armenian groups began sponsoring the "economic refugees" wishing to immigrate from Turkey to Europe, helping them in return for money and waging a new propaganda campaign against Turkey. While a sharp rise has been observed in the number of Armenian asylum seekers from Turkey in the last year, Belgian security officials expressed their helplessness by saying: "Those who say they are Armenian, Assyrian or Christian are allowed to stay. The only ones winning are the slave traders."

Measures

The French and German governments have initiated work to enact a new "refugee law." Meanwhile, the Belgian government is taking its anger for phony refugees out of genuine asylum seekers, and individuals fleeing from certain Latin American and African countries are being expelled out of the country. Officials from the Belgian public prosecutor's office suggested as a solution to the refugee problem, which has given rise to major debates in the country in recent days: "The time has come to stop the phony asylum seekers and the slave traders who smuggle them. Otherwise, it is impossible to tell who is a genuine asylum seeker and who is not. The good are burning with the bad." Reliable sources reported that Belgium, Holland, the FRG and France will undertake a joint "cleanup operation" in the coming weeks and that the operation will be targeted primarily against those who come to Europe from Turkey for economic reasons and enter the European countries posing as asylum seekers as well as those who help such individuals in return for money. Meanwhile, Belgian Minister of Justice Jean Gol said that he will try to resolve the issue with a new law.

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REVISION OF PENAL CODE STIRS DEBATE

Mumcu on Proposed Changes

Istanbul CUMHURIYET in Turkish 26 Jun 86 pp 1,8

["Observation" column by Ugur Mumcu: "The Penal Code"]

[Text] Our Penal Code of 1926 is based on the former Italian Penal Code of 1889. Since then the penal code has been changed 37 times. Now, work is under way to change the entire law.

Through changes introduced into the penal code in 1930, that era's Italian penal code section about "crimes against the character of the state" was identically incorporated in the Turkish penal code. Since then aggravating circumstances have been added to these clauses in the text of the code and penalties have been made more severe.

After fascism collapsed in Italy, a commission was established to purge the law of any antidemocratic clauses. Meanwhile, in our country the clauses copied from the fascist Italian penal code were made even more severe and implemented in the years of transition into the multiparty system.

Today, the new penal code law that is being drafted by a commission formed by the Ministry of Justice is once again raising the penalties for political offenses.

The principle of "there can be no crime or penalty without law" stipulates that offenses be explicitly defined. If we compare this principle with, for example, the new arrangement with regard to the "crime of violating the Constitution," we are confronted with surprising results. In the new draft that is being prepared, the clause about the "violation of the Constitution" reads as follows:

"Those who attempt to change part or all of the Constitution using methods which contravene the provisions of the Constitution or which are not permitted by the Constitution; to abolish the Constitution entirely; to prevent its implementation; or to abolish the Turkish Grand National Assembly [TGNA] shall receive the death sentence."

The rationale for the clause says:

"The said paragraphs apply not only to the attempted abolition of the TGNA but also the use of all unconstitutional and constitutionally-banned means which obstruct the TGNA from performing its functions."

With a clause like this, the government and the opposition would be able to charge each other with "violating the Constitution." None of the methods used in the often stormy government-opposition relations could be excluded from the scope of the envisaged clause.

It is ironic that the new clause prepared by the "Donmezer Commission" is virtually identical with the reasoning used by the Yassiada Supreme Tribunal in convicting the Democratic Party government and its ministers, at a time when certain circles are working to invalidate that reasoning. Let us read:

"For the purposes of our case, the alteration, replacement or abolition of the Constitution really means the rendering of the existing Constitution unworkable for practical purposes, the effective abolition—partially or fully—of its basic principles through certain actions and instructions from above or below and, in sum, the effective creation of a parallel regime which is the diametric opposite of the regime of law in its basic lines and character. This means that if the effective abolition of constitutional principles in a systematic and deliberate manner--that is the effective creation of an illegal regime--is at issue, then an offense has been committed under Article 146. (Supreme Judicial Tribunal decisions, Yassiada, 1960-1961, pp. 19-24)

The similarity between this reasoning and the Donmezer Commission's basis for "violation of the Constitution" is distinctly evident.

In introducing an offense termed as "the effective prevention of the implementation of the Constitution," the Donmezer Commission is probably inspired by the Yassiada decisions which are criticized and which are subject to slanders today.

Such a clause would lead both the government and the opposition to charge each other with "violating the Constitution", but more importantly it would provide "ready pretexts" for circles who might wish to "dissolve" the TGNA.

The inclusion of the "element of violence" in such clauses is essential. Otherwise, every act which might seem unconstitutional could be described as "an offense of violating the Constitution."

With such a clause, the Donmezer Commission is opening the way to such developments.

The same "element of violence" must also be included within the scope of "crimes of articles 141 and 142" which are defined as "destructive associations" and "destructive propaganda."

Providing means for the punishment of socialist parties which have endorsed democracy using "comparisons" and "assumptions" such as "you are Marxist-Leninists, therefore you endorse violence" would also violate the principle of "there can be no crime or penalty without law."

Even in the United States, the homeland of capitalism, the condition of "clear and present threat" is sought in seeking penalties for such crimes.

The draft law that is being prepared also includes other issues of debate.

The draft law must be opened to public debate, mainly in the universities and bar associations. We are afraid that if this law is drafted with haste it will create a myriad of unsolvable problems.

Judge Argues for Fairness

Istanbul CUMHURIYET in Turkish 7 Jul 86 p 2

[Article by Justice M. Naci Unver, member of the 8th Department of the Supreme Court of Appeals: "Penal Justice in Our Age"]

[Text] Our world is experiencing a period of rapidly advancing technology. As a result of this progress, international communications and data exchange systems have also made major strides.

All these have brought about the phenomenon of rapid social change. We now have a more fluid society which is continually seeking the new and the modern.

It is evident that such rapid change results in the accelerated erosion of many social rules.

It is not unlikely that a rule that is considered modern today will be stamped as outmoded in the near future. In general, the rules and the sanctions that have been imposed to insure public order are inevitably lagging behind a constantly changing society.

Given this situation it is natural to replace rules and sanctions that are growing old with new ones.

Because the introduction of the new and the modern is to a certain extent essential for the effectiveness and respectability of the government.

The individual is obliged to respect the legal rules imposed for the purpose of insuring public order.

Moreover, to avoid being subject to sanctions the individual is forced to behave this way. While an individual who does not obey a private rule is penalized with a sanction that is measured in money, an individual who disobeys a rule in the domain of public law is penalized by a punitive sanction.

Penal justice is the system that makes punitive sanctions functional.

Importance of Penal Justice

It is a well-known fact that penal justice has an important place in the general concept of justice. Some of the factors that make this branch of justice important are its purpose of insuring public order and the fact that it domain of application are humans. The system embodies phases such as a preliminary investigation following the perpetration of a crime, a trial following the filing of a lawsuit and the execution of a sentence after a final conviction verdict is handed down.

This situation mandates a highly sensitive approach to the system.

Conditions of Effectiveness

The effectiveness of penal justice depends on the fulfillment of certain basic conditions. The most important of these is the establishment of a good criminal and penal policy. The proper identification of goals through the establishment of a criminal policy (preventive penal justice) is a prerequisite for the effectiveness of penal policy.

One of the most important principles to adhere to in the formulation of a criminal policy is to take public opinion trends into account while defining crimes and their penalties.

The establishment of a framework of rules and behavior to be adhered to is also important for the effectiveness of penal policy.

It is evident that a contrary approach would lead to changing practices--in tone and form--depending on the time and the person and ultimately to the weakening of the important penal law principle of "there can be no crime or penalty without law." Such a situation would certainly produce a state of justice according to the times rather than justice according to the law.

For effective penal policy it is also essential to have a good balance between crimes and penalties.

It is obvious that punishment has two purposes: to rehabilitate the offender in the society and to deter crime.

It is necessary and sufficient to make the punishment for a crime so severe as to cause sufficient discomfort to the offender and to arouse the feeling of regret in him.

Such a punishment would not only mollify the repugnance felt by the society toward the crime and the offender, but it would also soothe the pain felt by the victim.

If the penalty envisaged for a crime is too severe compared to the offense, it will inevitably lead to certain undesirable results. The most important of these is the transformation of the initial feeling of repugnance toward the offender into a feeling of compassion over time.

Moreover, such a situation may render the rehabilitative function of penalties ineffective. A trial must inspire complete confidence in a defendant. At that stage the legal principle that a defendant "is innocent until proven guilty" must be fully operative. In addition, the trial phase must facilitate the easy exercise of the right of self-defense. Under such conditions, penal justice will become highly effective. This will also raise the society's confidence in and respect for justice.

One of the most important functions of modern penal justice is the rehabilitation of the individual whose guilt is proven in court. One of the requisites of the modern sentence execution system is that during the execution of the sentence the convict must be instilled with the sense that he has not been outcast from society and that, on the contrary, society is waiting for him.

One must not forget that this the only way to make the convicted individual understand the advantages of being a good citizen.

Conclusion

Having made these observations, to summarize we can say the following:

Modern penal justice must be a system which takes into account the inclinations and the values of the society. In addition, the functioning of the system must inspire confidence in the victim, the defendant and all individuals of the society. In other words, the support of the society on this issue must not be ignored.

It must never be forgotten such a situation can contribute substantially to the effectiveness of penal justice and the respectability of the state.

9588
CSO: 3554/155

IZMIR BAR ASSOCIATION CALLS FOR ABOLITION OF DEATH PENALTY

Istanbul CUMHURIYET in Turkish 22 Jul 86 p 11

[Text] Izmir--The Administrative Council of the Izmir Bar Association submitted to the Ministry of Justice its report with regard to the abolition of capital punishment and the amendment of certain penal laws.

The report demands that "the death penalty be removed from the penal code, that sentences which do not conform with human dignity not be handed down and that the term 'general security supervision' which is handed down together with the sentence be dropped for all classes of crime."

The report demands that punishments which restrict freedom be replaced by alternative penalties or measures and that, in compliance with the purpose of punitive sanctions, provisions be made to facilitate the selection of penalties in accordance with the nature of the crime and the character of the defendant. The report says: "In addition, the judge must follow up on the execution of the punishment he has prescribed, and he must be empowered to forgive the remaining portion of the sentence or to change a sentence which restricts freedom to a security measure if he finds any social benefit as a result of his investigations."

Stating that the issue of "extradition of suspects" must be organized in accordance with the provisions of the "European convention on the extradition of suspects," the report says: "Provisions barring the extradition of persons who have already served their sentences or who do not exist as a result of their sentences must be appended to current penal code provisions which bar the extradition of citizens and political offenders."

In the section about the state's right of self-defense and relations between the state and the individual and the state and the group, the report says that the drafting of a new penal code is an opportunity for our country to catch up with the times. The report says:

"Activities which involve propagandizing and organizing against the political system of the state--naturally resulting from the right of political criticism which is one of the fundamental elements of a democratic country--must be decriminalized, and the punishment of activities against the state must be made conditional on the element of 'use of force.' Consequently, articles

141, 142, 143, 151 and 163 of the current Penal Code must be completely abolished and articles 140, 144, 145, 146, 153, 154, 155 and 156 must be amended.

"In its new form, the state does not have political and administrative organs which have a heavy authoritarian emphasis and which require special protection. As a result, those who are in office on behalf of the state must only be functionally protected. In this connection, Article 158 which governs rules about insulting or swearing at the President must be abolished and such acts must be evaluated under Article 266. The concept of 'moral character' is a concept that does not exist in modern penal codes."

9588
CSO: 3554/168

CHIEF JUSTICE CALLS FOR ESTABLISHMENT OF SUPERIOR COURTS

Istanbul CUMHURIYET in Turkish 7 Jul 86 p 11

[Text] Ankara--Chief Justice of the Supreme Court of Appeals Nihat Renda said that the court system has severe problems and that it is overburdened by a large case load.

On the eve of the judicial holiday period which begins on 20 July and ends on 8 September, Nihat Renda spoke about the problems of the judicial system to ANKA and responded to questions. Renda stated that as a result of the steadily increasing work load of the Supreme Court of Appeals there is an impending danger that the impression that "the cases are not being examined adequately" will spread among the public.

Noting that one of the basic rights of all men and women is to have an honest, impartial, effective, inexpensive and speedy trial which remains faithful to the standards of justice, which utilizes jurisprudence, which facilitates all means of self-defense and which adheres to the principles of equality, Renda briefly said the following about the current state of judicial services:

"Today, the judicial system has severe problems. The judicial system is being crushed under a case load it finds difficult to bear because of the inadequacy and complexity of the legislation currently in effect, dangerously high vacancy rates in the ranks of judges as well as a rising number of lawsuits because of unfavorable working conditions, rapid population growth, unplanned urbanization, technological developments and social needs. Consequently and unfortunately, the system is unable to work faster, trials take longer, extensions are given for long periods, and as a result both the judicial system and the society are in discomfort."

3.5 Million Cases a Year

Stating that criminal courts processed 1,311,679 cases and civil courts processed 1,815,610 cases in 1985, Renda said that 1,323,105 of these cases were carried over to this year. Renda added that while the number of cases in a year has reached 3.5 million, vacancies for judges and public prosecutors cannot be filled. He said: "Our court system, which is forced to handle 3.5 million cases a year, has 4,278 judgeships of which 1,199 are vacant. We have

2,478 positions for prosecutors, but 712 of them are vacant. In other words, out of 6,756 positions, 1,911 are vacant. This means that one out of every three positions is vacant."

Stating that given these facts the state of the Supreme Court of Appeals is not very "inspiring" Renda said that the Supreme Court of Appeals, which had to examine 297,843 files last year, received around 350,000 files in the first half of this year. Renda added that files carried over from the previous year have steadily increased over the years.

Superior Courts Must Be Established

Noting that the primary function of the Supreme Court of Appeals is to apply laws fairly across the country and to generate jurisprudence with its rulings, Renda said that because of the absence of "superior courts" today the Supreme Court of Appeals is forced to perform their functions. Renda said: "The Supreme Court's work load is increasing every day because no superior courts have been established so far." Stating that the work of the Supreme Court of Appeals must be kept at a higher level to make the court's rulings satisfactory, Renda said in brief:

"Because of the large number of cases, the public may have the impression that the cases are not being examined adequately. The spread of such an impression is very dangerous. However, the Supreme Court of Appeals is working with great sacrifices today. In addition, the working conditions at the Supreme Court of Appeals must be raised to a confidence-inspiring level."

Explaining how working conditions at the Supreme Court of Appeals can be raised to a confidence-inspiring level, Renda said that the course pursued so far has been to increase the staff and that, however, it has been proven that that is not a solution.

9588
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EDITORIAL WARNS AGAINST EROSION OF SECULAR FOUNDATION

Istanbul CUMHURIYET in Turkish 22 Jul 86 pp 1,8

[Editorial by Hasan Cemal: "Secularism"]

[Text] Last weekend I read Professor Macit Gokberk's study entitled "The Philosophy of Enlightenment; Reforms and Ataturk." (Footnote) ("Ataturk in the Light of Modern Thought, Dr Nejat F. Eczacibasi Foundation Publications, Research Series, Ayribasi, Istanbul, 1983) One section reads:

"Ataturk said:

"'Nations who try to live with medieval thoughts and superstitions disregarding the greatness and the power of civilization are condemned to die or to live in servitude and humiliation.'

"Among the principles of Ataturk's reforms, the one that has been most controversial is that of secularism. This must be considered natural. Religious dogmatism is the mainmast and essence of the medieval order Ataturk wanted to abolish. If the principle of separating religious affairs from temporal affairs is briefly described as secularism, it obviously does not mean a prohibition of religion.

"In Turkey's democratic experiment, secularism was the main target of the opponents of the reforms and those who wanted to corrupt the reforms. It also became a useful tool of exploitation at the hands of circles who wanted to win votes by perpetuating the slogan of 'we are losing our religion'—a slogan which was ever present during the Ottoman period. When one considers the current number of Islamic preacher schools--which were established as vocational schools to replace Islamic theological schools at the time Ataturk was alive—and their successors, one can say that these schools have gone far beyond the purpose of their establishment and that their goal is to become institutions for spreading the religious view of the world. This has impaired the principle of 'unified education,' one of Ataturk's major successes, and has opened the way to the training Turkish children in diametrically opposite directions and consequently to social schizophrenia. The existence of a large number of official and illegitimate Koranic study programs, which teach the Koran in the Arabic script and in Arabic and which remind one of the old Subyan Schools, is also very worrisome.

"Speaking to teachers at a gathering on the occasion of the Congress of the Teachers' Association in August 1924, Ataturk said:

"'You must never forget that the Republic wants from you young generations with free minds, free spirits and free knowledge.'

"This phrase, taken from the writings of Tevfik Fikret whom Ataturk liked very much, portrays the free man who has been liberated from medieval superstitions, who has been enlightened and who has regained his dignity from a standpoint of thinking, evaluating and knowing--the man whom Ataturk's reforms ultimatey wanted to build."

It is hard not to agree with these views of Professor Gokberk's.

But if we examine the stage we have reached today for a moment, how well have we succeeded in creating the "free man who has been liberated from medieval superstitions and who has been enlightened"? Have we been able to create the free and democratic environment needed for the training of such contemporary brains in our educational and training institutions and in our country? Were we able to implement the principles and rules which would facilitate the training of generations who could question and debate everything rationally in our national education system?

The answers to all these questions are unfortunately in the negative.

The government's national education policy has been repeatedly compromised to appease those who are hooked to the "Middle Ages" and the "world of yesterday." In the name and on the pretext of "communal unity," religion has gained growing importance in state and government affairs--particularly in recent years. One of the most striking examples of this was the introduction of mandatory religion classes during the 12 September period.

In the last 8 years (1976 to 1984), 268 Islamic preacher schools have been opened compared to 263 high schools. The number of Islamic preacher schools rose from 73 in 1976 to 341 in 1984. According to the statistics annual of 1985, today there are 715 Islamic preacher schools with 220,991 students in our country.

In contrast, there are only 23 agricultural schools with 2,640 students in all of Turkey.

Do you not see something wrong with this situation?

What about occasional radio and television broadcasts expressing yearning for the Ottoman period and the "world of yesterday"?

What about the fact that Ottomanist cultural campaigns have progressed along the same path as the government's cultural policies?

And what about the fact that Mr Ozal, the Prime Minister of the Republic of Turkey, was able to lay the cornerstone of a mosque in Malatya?

In these days when anti-secularist and anti-modernist movements are surfacing, are being debated and are causing justified concerns among certain circles, certain points must be examined with emphasis.

First of all the following point must be underscored: Everyone must be free to believe in whatever he wishes; everyone must be able to worship in whatever manner he wishes; everyone must be able to dress in whatever style he wishes; and no one must be able to say anything about someone's hair or beard.

This is one aspect of the issue.

Rather than wasting time on appearances, we must think about the more serious aspects of the issue and we must go to the essence of the matter.

The principle of "unified education," whose purpose is to eliminate medieval thinking and the mentality of Islamic theological schools, must once again be made the central axis of national education policy. The state's educational policy must be set on a modern and scientific foundation. Educational and training institutions must be reorganized such that they will not arouse longing for pre-Republican values. One of the primary goals of these institutions must be to instill awareness of secularism in young generations in an environment of free thought. The principle of secularism must be adhered to scrupulously in state and government affairs.

Let us not forget the following: Political regimes have provided too much grist—through the hands of the state--for the mill of what is known as "reactionarism."

Moving away from democracy, subjecting free thought to the mangle of prohibitions, censoring creationism, a national education based on pure memorization, harmful councils, "a system of barracks" in institutions of higher learning, the Higher Education Council, burning books...

If these are not investments for "darkness" then what are they?

Those who are concerned about the weakening of the secularist foundations of the republican regime, must first of all assert their guardianship of democracy. Secularism, freedom of conscience and democracy go hand in hand; compromises made in any one of them impairs the others.

If these points are not taken into account in the fight against movements aimed at dismantling the secularist foundations of the republic, then nothing can be accomplished.

As painful as it may seem, from a standpoint of modernism, there is not much difference between the ideology that says "we are losing our secularism" simply on the basis of appearances and the ideology that says "we are losing our religion."

9588
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BUSINESSMEN OUTLINE PREREQUISITES FOR TRNC INVESTMENTS

Istanbul DUNYA in Turkish 7 Jul 86 pp 1,9

[Report by Ayfer Karatas]

[Text] Turkish businessmen who participated in Prime Minister Turgut Ozal's 3-day visit to TRNC [Turkish Republic of Northern Cyprus], want the liberalization of the Turkish Cypriot economy for investments in that country. TUSIAD [Turkish Industrialists' and Businessmen's Association] President Sakip Sabanci said that when he and his colleagues examined the issue as businessmen they determined that agriculture [in TRNC] does not promise a future because of a shortage of water and trade does not promise a future because of inadequate transportation facilities. He added: "However, there are plentiful resources and a promising future for tourism. What is needed is good management and promotion." Sabanci also said that it would be too optimistic to expect only Turkish entrepeneurs to go and perform Cyprus. Imtes Executive Council President Mehmet Harunoglu said that investments in Cyprus may be realized only through the preparation of a self-supporting infrastructure. He said: "The agreement between the governments will be disclosed in about a month. The scope of the investments will become evident only after the agreements are disclosed."

According to the agreement signed between the Turkish and TRNC governments, the corporations tax to be collected on profits from investments in Cyprus will be reduced to 10 percent and no income tax will be collected on such investments. In addition, quotas for TRNC exports to Turkey will be expanded. Conversely, TRNC will be able to import goods from Turkey without any import duties and use them in its industries.

Noting that government organizations and enterprises under the umbrella of industrial holding companies in TRNC must be liberalized to restore dynamism to the economy, TUSIAD President Sakip Sabanci told his impressions about his visit to Cyprus to DUNYA:

"Investments must primarily be made by local entrepeneurs both in tourism and industry. In addition to local entrepeneurs, Cypriots who have moved to Britain must also get more deeply involved. Only after that should the experience and organization of the Turkish entrepeneur be required. We would be overly optimistic if we said: 'Let the Turkish entrepeneur go to Cyprus and perform.' The Turkish entrepeneur has been awaited for the last 30 years in provinces such as Erzurum, Artvin and Bitlis. Has the Turkish entrepeneur sufficiently contributed to the economies of these regions? No, he has not. On the contrary, those who have been trying to develop Diyarbakir, Trabzon and Erzurum have migrated to Istanbul. Meanwhile, in Cyprus, those who have achieved a certain level of performance have emigrated to London."

Stating that economic rules play a major role in industry, Sabanci said: "If we do not move to wherever we can manufacture high quality products at low cost we cannot compete with the rest of the world. If high money rates, world competition and economic rules are disregarded, the baby will be born impaired." Sabanci continued:

"Production should be wherever the economic environment is favorable. If you take the fruits somewhere else [incomplete sentence as published]. We had debates about 'who should produce' and 'where to produce' in Turkey as well. We built cement factories in locations where there was no raw material. After these experiences let us not make the same mistakes in Cyprus. Let us rationally take the experiences we had in Turkey to Cyprus. We had a coalition period in the Turkish economy and we saw that that does not suit our character. The bill for that was paid by 50 million people. Let us not permit such errors in Cyprus. The coalition between the private sector and the goverment must end in Cyprus, the course of liberal economies around the world must be noted, and an atmosphere must be created whereby a stable and strong government can come to office in the medium and long run."

Stating that incentives for investments were discussed at a briefing in Cyprus and that if Turkey invests in Cyprus foreigners will also invest, Sabanci said:

"We have Law No. 6224 on Foreign Capital. With this law, which is not at all bad, there was no foreign investment in Turkey for 20 years. Legislation and incentives are not enough for investments. What inspires confidence for foreign investment is primarily the stance of the government and the people. TRNC's current condition is similar to Turkey's pre-1980 state. Foreign traffic in Turkey has increased only recently.

"Meanwhile, there are proposals for investments in Cyprus in every domain. The truth is that there cannot be investment in every area. Countries specialize and produce in certain fields."

Hotels Must Be Built

Stating that hotels must be built and that the Panama system may be utilized in Cyprus, Sabanci said: "In Turkey, the mainmast is in a miserable condition; they cannot have inexpensive vacations. If travel from Turkey to Cyprus is encouraged, both sides would benefit."

Hotels in Cyprus

Stating that he is going to propose to the appropriate executive councils the establishment of a Sabanci Hilton in Cyprus, Sabanci said that incentives will not be sufficient on this issue and that such projects can be realized with stable governments.

Mehmet Harunoglu

Imtes Executive Council President Mehmet Harunoglu stated that Turkish businessmen are highly interested in tourism and that they have established contacts on this issue. Stating that the decline of the TRNC economy stems from its past and that, however, the Turkish Cypriot private sector is enthusiastic about the development of the economy, Harunoglu said:

"Cyprus needs major investments in many areas such as roads, ports and electrical power plants. Discussions in Cyprus centered upon the introduction of incentives appropriate to the character of the country for the development of tourism, the establishment of small industries and the building of a university and a hospital. However, the scope of investments in these areas will become evident only after the agreements between the governments are disclosed."

9588
CSO: 3554/153

ECONOMIC GREECE

STATISTICS SHOW BALANCE OF TRADE DEFICIT INCREASE

Athens I VRADYNI in Greek 21 Aug 86 p 15

[Text] Despite the devaluation of the drachma by almost 40 percent last year, the restrictive measures against imports, and the dramatic suppression of the purchasing power of Greeks, the government has failed to reduce imports.

In the first 6 months of this year, imports increased by a sum of almost $500 million (10.1 percent) compared to the first 6 months of the previous year, coming to $5.406 billion (compared to $4.911 billion last year). At the same time, the benefit in dollars from exports was very limited. The increase in these amounted to only 11.8 percent, a percentage that the government itself has characterized as much lower than its original objectives. Thus, in the first 6 months of this year the deficit in the trade balance widened by $231 million; this demonstrates the complete failure of the government's policy and confirms the supposition that if the great drop in the price of petroleum had not been going on, the deficit in the balance on current accounts would have gotten out of hand completely.

Of course, if it is considered that the fall in the value of the dollar happened meanwhile, the increase of 10.2 percent in imports on a dollar basis can be interpreted as a relative holding down of such imports, and the increase of 11.8 percent in exports can be seen as a complete standstill. Despite this, since the deficit in dollars is what is of interest to the economy, the increase of $231 million more in the balance of trade deficit gives the measure of the "success" of PASOK's policy.

In more detail, from the data of the statistical service it emerges that in the first 6 months of 1986, compared to the corresponding period of time in 1985:

- Imports increased by 16.3 percent in drachmas (from 665.9135 to 774.4057 billion drachmas) and by 10.1 percent in dollars (from $4.911 to $5.406 billion).

- Exports increased by 18.1 percent in drachmas (from 301.1367 to 355.720 billion drachmas) and by 11.8 percent in dollars (from $2.234 to $2.498 billion).

- The deficit in the trade balance expanded by 53.9089 billion drachmas or $231 million.

- The increase in the exports was due mainly to the much greater absorption of Greek products by EEC countries (from 161.0947 to 219.7621 billion drachmas), while on the other hand for Africa, East Europe, and the countries of the Middle East our exports remained flat or even declined in terms of drachmas (that is, in essence they are much lower).

Thus it turns out that the "multidimensional" export policy of PASOK has not produced any results, whereas the slackness of our exports to the United States can be seen as yet another failure on the part of the government.

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CSO: 3521/246

BRIEFS

TOURIST EARNINGS UP--The Tourist Policy Council met yesterday at the National Economy Ministry. Minister Pan. Rouveliotis announced that during the discussion which followed it was ascertained that 1986 tourist foreign exchange developed satisfactorily. According to Bank of Greece data the tourist exchange increased by 23.4 percent during the first 7 months of 1986 compared to the corresponding 1985 period. More specifically, it had reached 729 million dollars compared to 672 million in the 7-month period in 1985. In July alone, the increase was over 32 percent (292 million dollars compared to 221 million in July 1985), while in August the tourist foreign exchange developed very satisfactorily. It is estimated that the 1986 increase in tourist exchange will fluctuate between 20 and 25 percent (over 1985) compared to original predictions of 15 percent. It should be noted that the total in 1985 was 1,428 million dollars. [Text] [Athens I KATHIMERINI in Greek 10 Sep 86 p 7] 7520

CSO: 3521/250

OZAL'S OPTIONS IN LIGHT OF ELECTIONS, IMF 'WARNING' EXAMINED

Istanbul CUMHURIYET in Turkish 7 Jul 86 p 9

["Notes on the Economy" column by Osman Ulagay: "Ozal's Election Choice and IMF's Warning"]

[Text] Mr Ozal was elected to office in the autumn of 1983 on his promise that he would reduce inequity in income distribution and provide breathing room for a wide segment of the nation he defined as the "mainmast" by cutting the inflation rate rapidly. We wrote on several occasions in the past that Mr Ozal did not keep his promise after he took office and that combating inflation was given top priority in the economic policies he has pursued. In 1986, when election winds are once again blowing, Mr Ozal's change of preference is seen more distinctly; in a year when overseas conditions for combating inflation are highly favorable, the necessary importance and priority is not given to the inflation issue.

In our opinion, the basic reasoning behind the making this strategic choice was as follows: Mr Ozal was faced with a dilemma because the structure of the Turkish economy had not undergone a genuine transformation in the last 6 years--or, more correctly, the economy had not undergone a structural transformation which would facilitate rapid growth without inflation. Mr Ozal would either have to keep his election promise of 1983, wage a serious battle against inflation and accept slow growth and a moderate stagnation in the economy in the course of this battle; or he would have to put off the battle against inflation, emphasize rapid growth and a dynamic and "hot" economy and ignore continued high levels of inflation.

In making this strategic choice, the principal factor Ozal would think about would undoubtedly be how each of these options would affect the majority of the voters and how each of them would translate into votes. We believe that Mr Ozal made his choice some time ago and that he came to the conclusion that it would be more advantageous to have a dynamic economy in the short run, to open up new opportunities for social segments and individuals who prop up the Motherland Party [MP] organization and to appear as "the government which gets things done" than to be known as the "government which defeated inflation." Or perhaps, when Mr Ozal realized that he would not be able to score any short-term successes in combatting inflation, he decided: "I may be able to save my position by doing something on the investment and growth front."

This strategy rests on an assumption. In an environment where private investments have failed to attain desired levels, public investments have been stepped up in order to transform the tax revenues collected from the people under various names into investments, and municipalities have begun spending money almost wastefully. It is obvious that pro-MP contractors and entrepeneurs will primarily benefit from this economic vitality created largely by public funds and that these groups will consequently support their party more vigorously. In addition, the income and employment opportunities to be created by these expenditures will also have an impact on other social segments. Moreover, material will be created for propagandizing about making concrete efforts to develop the country. Mr Ozal's assumption is that these positive effects will outweigh the negative effects of continued high inflation and that an electorate which is in any case accustomed to inflation will not ask MP questions on this issue. Moreover, opportunities created by overseas conditions are for the moment preventing inflation from going out of control and are thus leaving Ozal some maneuvering room--at least in the short run.

The correctness of this assumption will be tested in the by-elections, and the outcome of these elections may have an impact on Ozal's strategic choice. However, as Mr Ozal knows very well, the economy has its own development pace, or "momentum," and it is not at all easy to change that. The "cooling" of an economy which is well on its way to "heating up" and a sudden reversal of inflationary pressures which have gained momentum in this process of heating up may necessitate new and unnecessary sacrifices.

According to a report by our reporter colleague Uluc Gurkan in yesterday's edition of SABAH, the IMF has begun to be concerned about this and has indicated that a continued high inflation rate may erode the positive developments observed in Turkey's economy. This is a friendly warning by the IMF which sees and wants to see Turkey as an exemplary country and a reminder to Ozal that he not wait too long to stop the "heating up" of the economy.

Our concern is that when Mr Ozal, who has so far given secondary importance to the battle against inflation, reinstates the inflation issue on his agenda as a result of the IMF's warning, he will try to wage this battle using methods which have proven to lead nowhere. If this course is chosen, sacrifices will once again be asked from the wrong social segments and the "mainmast" will continue to be crushed. In order to prevent Ozal from taking this very objectionable course once again, it would be beneficial if he learned a good lesson from the social segment he has defined as the "mainmast" at the upcoming by-elections.

9588
CSO: 3554/149

EEC REPORTEDLY SETS CONDITIONS FOR TURKISH MEMBERSHIP

Istanbul MILLIYET in Turkish 7 Jul 86 pp 3,13

[Text] Brussels—While there are increasing rumors that Turkey is preparing to apply for full membership in the EEC at the Community's Membership Council meeting on 16 September, EEC sources in Brussels put forward three conditions for full Turkish membership.

These conditions can be summarized as: acceleration of measures with regard to the restoration of democracy, improvement of the economy to match the level of other EEC countries and avoidance of any haste for membership before 2000.

Insisting that an earlier date would not be realistic, officials in Brussels said: "The Community must first 'digest' the membership of two new Mediterranean countries which followed the accession of Greece. Accepting a new member—no matter who that may be—would be extremely objectionable before this is done."

Diplomatic sources in Brussels summarized their views on the issue of democracy as follows: "Turkey must first bring its political development to the same level as the political regimes of the Community members to the extent that that is possible. This is the least common denominator among the members of the Community. Spain, Portugal and Greece went through the same course and built their present democratic regimes. Turkey still has some distance to go on this issue."

Stating that Turkey must continue its economic development and that socioeconomically it should not be separated from the other EEC members by a "big gulf," the diplomatic sources said that although membership in the Community acts as a driving force for economic development, in some cases even long transition periods are not sufficient to raise the economy of the candidate country to the level of the other members.

9588
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WISDOM OF PRIVATIZING SUMERBANK QUESTIONED

Istanbul DUNYA in Turkish 7 Jul 86 p 2

["Through the Events" column by Tevfik Gungor: "Sumerbank"]

[Text] Dr Erkan Tapan, who has served as Sumerbank's Director General since the beginning of 1985, is making serious efforts to exhibit and to promote the "giant organization" whose "essence, purpose and ways" have been forgotten and which has "curled up in its own corner."

Those who want to see and to learn the truth beyond oversimplified comments such as "look at the state of the Sumerbank stores and you can see how the government cannot do anything" and oversimplified suggestions such as "Sumerbank factories must be sold to the people" are advised to look at Sumerbank's most recent publication, a book entitled "Sumerbank."

According to this book, Sumerbank currently owns 39 production units. These units provide direct employment for about 40,000 persons.

Of these production units, 19 process cotton and 10 process wool. There are also 4 plants which process leather. The remaining units are involved in industries such as manufacturing synthetic silk, viscose, china and porcelain.

According to the same source, Sumerbank operates 466 retail stores.

Sumerbank was established in 1933. Its purpose was: "To establish and to run basic industries in Turkey."

The tasks assigned to Sumerbank were as follows:

"To achieve industrialization in a more productive and harmonious manner through the utilization of all national and economic resources; to establish a state enterprise which will collaborate with national and private enterprises to found the industry branches which need are given the highest priority in the government's industrialization program; to take the necessary measures for the training of personnel who will enable the steady development of industry; to prepare the studies and projects for all industrial organizations to be built with government capital as well as to build and run these organizations; to take measures to develop the national industry."

Sumerbank, which owned only four factories when it was first founded--the Bakirkoy Cotton Fabric Factory, the Feshane Woolen Fabric Factory, the Hereke Silk and Woolen Fabric Factory and the Beykos Leather and Shoe Factory--begins to grow and to develop the country immediately:

--In 1934, the Kayseri Bunyan Carpet Factory joins Sumerbank.

--In 1936, the Izmir Paper Factory No. 1 begins production.

--In 1937, the Kayseri Canvas Factory is opened to manufacture overcoat fabrics, flannels, packing cloth and the necessary yarn to weave these fabrics.

--In 1937, Turkey's first printed cloth factory, the Nazilli Print Factory is opened by Ataturk; the factory begins manufacturing printed fabrics and flannels.

--Sumerbank grows as the needs of the nation and the economy diversify; the Malatya Fabric Factory is opened to manufacture jacquard curtain fabrics, tapestry upholstery materials, table linens and bedspreads and corded fabrics.

--This rapid development leads to the reorganization of the legal status of the Sumerbank factories; its enterprises operated as limited corporations are turned into establishments:

1) The Sumerbank Iron and Steel Factories Establishment;
2) The Sumerbank Leather and Shoe Factories Establishment;
3) The Sumerbank Cellulose Industry Establishment;
4) The Sumerbank Joint Wool Yarn and Fabric Factories Establishment.

--As a result of these developments, by the end of the 1940's Sumerbank accounts for 90 percent of all industrial investments in Turkey. The "Domestic Products Market" is established to distribute and to market Sumerbank's products in the country. In 1946, the "Domestic Products Market" is reorganized into the "Domestic Product Markets Establishment," laying the foundations of today's 466-store "chain."

--Training courses are organized in the country to relieve the shortage of qualified personnel, and all Sumerbank employees are made to go through these courses. Meanwhile, a program is initiated to educate students abroad. Sumerbank thus becomes the "industrial school" of the Turkish industry.

--During Turkey's social transformation period, Sumerbank renews itself. Some establishments founded and run by Sumerbank are turned into self-governing units and separated from the Sumerbank structure. Sumerbank opens new factories.

--The yarn section of the Izmir Printed Fabric Factory is put into service in 1953 and the weaving section is opened in 1955. The factory begins manufacturing yarn as well as prints, satin, printed satin, mercerized upholstery fabric, dimities, flannels, and pique.

—In 1953, the Denizli Sackcloth Factory is opened to manufacture yarn and crude fabric.

—Auxiliary industries begin to develop as industrial growth continues in Turkey. In 1954, the Erzincan Canvas Factory is put into service to manufacture fabric for sugar and seed sacks.

—In 1954, the Diyarbakir Woolen Industry is established to manufacture felt, soldier's training clothes, blankets and machine-woven rugs.

—In 1960, the Bergama Cotton Yarn and Fabric Industry Corporation is put into service. The factory began manufacturing poplins for shirts and pajamas, luxury satins, cashmere woolens, opalescent fabrics, military parka fabrics, polyester-viscose blends and checkered shirtings.

—In 1960, the Manisa Cotton Textiles Corporation is put into service to manufacture materials for parkas and raincoats.

—The Antalya Cotton Fabric Corporation, opened in 1961, begins manufacturing poplins for pajamas and various types of checkered fabrics.

—The Adiyaman Cotton Fabric Industry Corporation is opened in 1967, the Karaman Yarn and Cotton Textiles Corporation is opened in 1967, the Kahramanmaras Cotton Canvas Factory is opened in 1968 and the Eskisehir Printed Fabric Factory is opened in 1968 to manufacture various types and grades of yarn.

—Keeping pace with the country's development, Sumerbank continues performing its leadership function in building new enterprises in new industries.

—The Bolu Synthetic Wood Factory is put into service in 1962 to process forestry products; it manufactures formica, Sumerlite and Sumerisolite.

—Yildiz Porcelain, which was first established in 1892, at the time of Ottoman Sultan Abdulhamid II, in one corner of the Yildiz Palace to manufacture porcelain telegraph cups for the Empire's army, is reopened by Sumerbank in 1962. The factory produces rare ceramic and porcelain products and panels, hand and machine-decorated table articles and ornaments and ornamental materials.

—The Konya Chromium and Magnesite Brick Industry Establishment is founded in 1967 and begins manufacturing magnesite-chromium bricks, chromite bricks and scraped magnesite.

—The Ordu Soybean Factory bought and reopened in 1968, produces unprocessed and refined soybean and sunflower seed oil and oilcakes from their residues.

—In 1974, the Nevsehir Cotton Fabric Factory is established to process cotton—which up to that time was exported unprocessed—with domestic means and labor of the country and to export it as yarn thus providing foreign currency revenues for the country.

—As Turkey develops closer ties with Western countries Sumerbank finds new opportunities to promote its quality products abroad, and it begins exporting processes products other than yarn.

--In 1986, the number of establishments, factories and partnerships affiliated with Sumerbank rises to 41, and the number of persons employed by Sumerbank reaches 50,000.

Sumerbank attains an annual capacity of 69,000 metric tons of yarn and 276 million meters of fabric in the cotton industry and 8,824 metric tons of yarn and 7.6 million meters of fabric in the woolen industry.

This course was embarked upon 53 years ago. Today a certain point has been reached. At this point, Sumerbank is a "giant" by Turkish standards, but it is an organization "which has not achieved an economic size" by international standards. Now, in this quest for "privatization" would the sale of Sumerbank's production units one by one and the division of its management help or hurt the economy? Changing ownership and management principles is one thing, dividing and breaking up firms is another.

The information contained in Sumerbank's self-promotion publication point to the need for more serious thought on this issue.

Established on 11 July 1933, Sumerbank will celebrate its 53d anniversary next week. If those who will participate in the anniversary celebrations commit some time to think about the aforementioned issues seriously they may have a chance to reach more correct conclusions.

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CSO: 3554/149

BRIEFS

CONTAINER CRANES AT ALSANCAK PORT--Two container cranes recently constructed at the Alsancak Port [in Izmir] were inaugurated by Deputy Prime Minister Kaya Erdem. In a speech at the inauguration ceremony, Erdem stated that Turkish exports are taking great strides forward and that Turkey's total export potential is far higher than the figures attained today. Stating that the current export volume of $8 billion does not reflect the realities, Erdem said that port facilities must be reinforced and expanded to insure the growth of exports. Stating that the Port of Izmir will not be able to meet needs in 5 to 10 years, Erdem said: "The projections made today must take this into account." Noting that the Ministry of Public Works has an extensive project work under way on this issue, Erdem said that it is seen necessary to have a port in Izmir with a far larger capacity than the one today. Pointing out that Izmir is Turkey's export center on the Aegean and that most export goods are produced in this region, Erdem said that the Turkish Maritime Works Directorate General will use the $85-million loan it has received from the World Bank to buy the most appropriate equipment for the Port of Izmir. Turkish Maritime Works Executive Council President and Director General Ahmet Yildirim said that the equipment capacity of ports was increased by 50 percent in the last 3 years using domestic resources as well as loans obtained from the World Bank. Yildirim stated that the two container cranes that were constructed at Alsancak Port are the first of their kind in terms of their system and capacity and that they have increased Turkey's container handling capacity by 400 percent. Disclosing that the two cranes cost 4.2 billion Turkish liras to build, Yildirim said that the Port of Izmir will be turned into a port that matches world standards after equipment for 39 different areas of services is put into service. [Text] [Istanbul DUNYA in Turkish 22 Jul 86 p 9] 9588

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MILITARY GREECE

PYRKAL IRREGULARITIES DENOUNCED, GOVERNMENT RESPONSE

Charges of Ammunition Irregularities

Athens I VRADYNI TIS KYRIAKIS in Greek 17 Aug 86 p 3

/Text/ The army "loaned" munitions to PYRKAL /Munitions and Cartridge Company/ so that it might sell them to Iraq and to cover orders that it had assumed without, however, being able to implement them.

This terrible charge was made by the ND Parliamentary Task Group that called on the PASOK government to stop removing munitions from army dumps and, indeed, at a critical period.

The ND Parliamentary Task Group stressed, "At a time when Turkish provocations in the Aegean are increasing and our national issues are at a dangerous point it is a national crime for the government to sell the military reserves of the Greek army." It also demanded that the military reserves of the country be brought back to their anticipated levels.

The ND National Defense Parliamentary Task Group charge reads as follows:

"The incompetence and irresponsibility of our socialist government has surpassed every limit and has reached a point where the defense capability of the country is in danger so as to have PASOK party hacks maintained in the management of companies controlled by the public sector.

"Following the mass of scandals in cooperatives and ailing companies that are daily seeing the light of day, ND feels obliged to condemn before the Greek people yet another scandal the responsibility of which burdens the prime minister himself personally who was at one time also minister of national defense.

"The PASOK government has reached the point where it is selling foreigners weapons from army unit warehouses in its desperate attempt to garner foreign exchange and to cover the inefficiency of the party managed state --and ailing--PYRKAL which has been led to dissolution. Specifically, following orders by the government the GES /Army General Staff/ loaned PYRKAL 100,000 105mm artillery shells from army unit war reserves, valued at 2,465,300 drachmas so that they might be exported to Iraq.

"According to Contract No. 2739/86, dated 15 April 1986, signed between DPM /Artillery Units Command//GES and PYRKAL, the 100,000 shells were removed from 10 units' reserve munition dumps following a secret written order by Lt Gen Pan. Pantazis, second in command of the GES. According to the contract, the shells should have begun being replaced in the military unit dumps at a rate of 10,000 a month beginning last July, but up to now not even one shell has been replaced.

"According to information, this is not the first piece of 'business' between PYRKAL and the GES that is being carried out on a one-sided basis to the detriment of the defense capability of the armed forces, without any concern being voiced by the government. It is characteristic that from 1982 until 1 April 1986, PYRKAL owed GES 4.7 billion drachmas in munitions and weapons that are borrowed and never replaced in toto or from advances for orders it received but never managed to fill. If we were to add to this the 2.4 billion drachmas that the 100,000 105 mm shells cost, then it follows that PYRKAL has deprived the Greek army of munitions and weapons totaling 7.1 billion drachmas.

"At a time when Turkish provocations in the Aegean are increasing and our national issues are at a dangerous point it is a national crime for the government to be selling the military reserves of the Greek army. ND condemns, before the Greek people, these acts of the government and calls on the prime minister to give an order finally stopping these surprising and nationally dangerous business dealings between the armed forces and the sinful PYRKAL and to see to it at once that the needs of the military are met and to return the military reserves to their anticipated levels."

Government Denies Charges

Athens TA NEA in Greek 18 Aug 86 p 15

/Excerpts/ The Ministry of National Defense yesterday described as "unfounded" ND's charges that the government had allegedly sold munitions reserves and had thus placed the country's defense capability in danger.

The communique stressed, "ND does not hesitate in twisting reality and in the final analysis in harming the sensitive area of national defense."

The loan of a number of army shells to the AEEP-K /Greek Munitions and Cartridge Company/ (PYRKAL) is taking place within the context of renovating munitions on the basis of a time schedule that not only does it not endanger the reserve situation of the military in munitions but to the contrary --as the communique points out-- "improve the quality of mumitions and increases their yield."

As for PYRKAL's debts to the GES from orders that the ND National Defense Parliamentary Task Group says amounts to 7.1 billion drachmas, the Ministry of National Defense reminds ND that these debts began "during its days" and that their amount is now "clearly smaller." It also mentions that there has been absolutely no lending of weapons to PYRKAL and it describes ND's manner of behavior as an opposition party as irresponsible and without seriousness that aims at "serving petty partisan interests."

Reliable military circles that commented yesterday on the ND statement described it as "unfortunate" and emphasized that it boomeranged.

They stressed, "The return of shells and munitions and their replacement with newer ones of recent manufacture is internationally feasible generally-speaking. Munitions have life spans and after that they should at least be checked. In fact, NATO has strict standards in this field that relates to the operational abilitiy of each type of ammunition, the type of storage facilities, the degree of "deterioration" and checks and controls over reserves.

"Finally, manufacturing companies are obliged to receive returns with replacement. What they do from then on is up to the business policy of each firm and, of course, that is determined by the civiliah leadership."

With regard to PYRKAL they mentioned that its trustworthiness was internationally recognized.

Late last evening ND answered the Ministry of National Defense's communique. Among other things, the ND statement mentioned the following:

- Through misleading and inaccurate allegations the government is trying to conceal the essence of the scandalous GES-PYRKAL contract as well as the fact that many contracts for the procurement of munitions from PYRKAL remained altogether unfulfilled for more than 2 years, while at the same time advances of tens of millions of drachmas had been made.

- ND is not ready to publicly give out data it has at its disposal because its interest is not being a government opposition party as such, as the government wants to make it appear, but it stems from its concern over the situation that has prevailed in the armed forces over the past few years. It suffices that we point out to the government that Contract Nos. 2508/82, 2538/82, 2510/82 and 2565/82 provided for the delivery of materiel in February 1983, March 1983, October 1983, November 1982 to April 1983 and October 1983 respectively. Despite this in 1983 PYRKAL received advances of 165,426,296 drachmas for the implementation of the above orders and its obligations --for these contracts alone--together with the interest on the advances and late delivery clauses amount to 297,812,213 drachmas.

Government Reaction

Athens TA NEA in Greek 23 Aug 86 p 3

/Article by Loukas Dimakas/

/Text/ When it was still under private ownership PYRKAL got advances --amounting to 80 percent of the total value--from the Ministry of National Defense for materiel (munitions) that it had not designed nor prepared production studies nor even handed over to the military staffs which eventually led the company into bankruptcy.

The above revelations were made to reporters by Deputy Minister of National Defense Thodoros Stathis who stressed the following:

- The 1973-1982 contracts were without any predetermined prices (!) but were determined after the fact on a cost basis.

- From that period (when the company was under private ownership) there were 14 unfulfilled contracts in abeyance amounting to 2.7 billion drachmas, something that "rendered it an ailing company."

Mr Stathis stressed that similar contracts were also signed in 1982 (before the firm became a public one), on the basis of two binding 5-year contracts, namely 1973-1977 and 1977-1982.

Mr Stathis ssid, "Following the change in ownership and management, it was revealed that the firm had signed Contract Nos. 2508/82, 2519/82, 2538/82 and 2565/82 for which (a) the munitions production study had not been made, (b) the production prices had not been prepared and (c) it had never had any definite plan.

"The first two contracts have at present already been assumed (1985) by the new administration and their delivery to the armed forces is expected by 1987. The other two contracts have been implemented within the context of new contracts."

Mr Stathis also revealed the following:

- A 1973 contract for munitions for which PYRKAL had collected 70 percent of the value had not been fulfilled and is now incapable of fulfulling it.

- A 1980 contract for ammunition, with an advance of 80 percent and a 1982 contract date of delivery, was not fulfilled. (It has been agreed, however, that they would be delivered in May 1987).

Referring to the ND statement over delays in the delivery of munitions to the navy and also to a similar report published in a morning newspaper, Mr Stathis said that no dangerous situation had been created for the navy, as reported, but a delivery schedule by common consent had been agreed to.

The point on which Mr Stathis particularly alluded to was the revelation that for the 1973-1982 period --when PYRKAL was under private ownership-- there remain unfulfilled contracts which, among other things, led to PYRKAL's becoming an "ailing company." Specifically, 14 contracts (partially or in toto), amounting to 2.7 billion drachmas, remain unfulfilled.

As for the 1982 contracts that have not yet been fulfilled, Mr Stathis said that "this delay was the result of the concealment of PYRKAL's inability to satisfy specific orders that had been placed."

Referring to the way orders were placed when it was under private ownership, he pointed out that there were no predetermined prices but were in the long run based on production costs plus regular profits. In this way, Mr Stathis said, the company, that was under private ownership, had every interest to increase its costs since its profits were calculated on them. At the same time, Mr Stathis continued, it signed contracts for new munitions (for example PAO 90 mm, 76/62, etc.) and obtained advances for materiel that it had never manufactured.

As for the present outfit (PYRKAL became a public entity after 1982), the management tried to change its picture and, as Mr Stathis stressed, "that had been accomplished to a satisfactory extent."

In answer to a question on why the clauses were not put into effect when the irregularities and non-implementation of the contracted commitments were discovered, Mr Stathis said that "it was urgent to save the company and not to give it the coup de grace. We undertook to have it recover and I think that we are doing all right."

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MILITARY GREECE

UNSATISFACTORY STATE OF DEFENSE INDUSTRY DETAILED

Athens I VRADYNI in Greek 14 Aug 86 p 5

/Excerpts/ In PASOK's time, dependence on foreign countries, indeed, one-sided in nature, not only as far as economic matters are concerned but also military, has assumed dramatic proportions, while at the same time the country's four defense industries are being led into bankruptcy by the government. In essence, instead of producing they are importing weaponry from abroad and are engaged in commerce.

More specifically: the armaments program as an indicator of dependence. The total of anticipated expenditures of the armaments program for purchase and production of weapons systems and means for a 5-year period has been set at 560 million dollars. Of this amount, 360 million dollars represent a sum through the FMS /Foreign Military Sales/, 160 million are expected to be derived from a loan and 60 million will be made up from the budget allocation. It is evident that never before has the country been so dependent, indeed, one-sidedly, given the fact that the 360 million dollar expenditure is scheduled to be derived from the United States (FMS) and the 160 million from a loan, the greater part of which will be in foreign exchange. Domestic sources cover only 10.7 percent of the total. In fact, it is even doubtful if the latter will be forthcoming given the fact that an increase in national revenues by 2 percent is anticipated to ensure such sources, at the very time when this increase is and expected to be negative.

The defense industries have become problem industries.

The country's four major defense industries that were set up under ND have become problem industries and are now in a bankrupt status.

Stayer is already dead, EVO /Greek Arms Industry/ is on its death bed, YEAV /as published/ -- a branch of ETVA /Hellenic Industrial Development Bank/ now-- is henceforth unable to operate not only because it had assumed loans with a dollar clause and is now incapable of paying them off but also because its costs are three times higher than the average European. It should be noted that the corresponding Israeli industry produces more cheaply than the average level of the European cost. The only possible salvation lies in PYRKAL /Munitions and Cartridge Company/ because it produces perishable materiel for the military for which there is constant demand by the armed forces. Even the fate of small firms that manufacture electronic equipment parts is precarious. One of them has been purchased by foreigners.

The misfortune of the EVO and imports from Israel

There is no doubt that EVO's finances are in a miserable state. It is evident that Mr V. Arsenis, anticipating its becoming an altogether ailing firm, saw to it to create conditions intentionally that would lead to his ouster. And he succeeded. In essence, it remains a firm without orders if we except the famous "Artemis" order about which we will talk later on. There is no longer any question of its manufacturing conventional personal weapons for the military since every soldier, in fact, got one and a half so as to be of service to the industry.

In 1983, in anticipation of its becoming indebted vis-a-vis Iraq, it made available military reserves which it later returned by resorting to imports from Israel. It is true that the purchase was made at a much lower cost, while their production costs at home would have been double that. It should be noted that for a period of 1-1/2 years Mr Arsenis did not show the 2 billion drachmas it made on this order on the EVO balance sheet.

It should also be noted that with regard to the order of 8-inch munitions that it obtained through a new contract, almost all of the materials for manufacturing them came from abroad while the only thing done here at home was charging them.

We have reached a point where most of the necessary ingredients are being imported from Israel and South Africa because suitable investments on a planned basis were not made, because costs are high and because financial means do not exist as the result of the economy's sad state of affairs.

Being basically in the red, EVO did not publish a balance sheet in 1984. It was published as an 18-month report in June 1985 since it got the "Artemis" order in October 1984 and the advance payment in April 1985. It was among Arsenis' ambitions to acquire PYRKAL, something he succeeded in not only through cutting off Syria's orders but through his report in which he maintained that the quality of PYRKAL's munitions was unsatisfactory, indeed, nationally dangerous. He also enriched his report with photographs.

Inadmissible cheating of the state is being perpetrated in the EVO. When ETVA obtains an appropriation from the Ministry of National Defense (GEEThA /National Defense General Staff/) or aid from Germany, for example, it hastens to get a similar appropriation so that the capital ratio of 70 for the Ministry of National Defense and 30 ETVA is steadily maintained. In this way EVO's investments are, in fact, doubled.

Finally, it is characteristic that stupidity prevailed under the Arsenis regime in EVO. An ostentatious fire fighting complex was built which the military was invited to admire. However, at that particular time and for some time afterwards there was not water in Lavrion to supply the complex. The most important thing now is that EVO is at this time facing a critical liquidity problem. It anticipates that it will have at its disposal 9 billion drachmas up to the middle of next year for which many sources are lacking. It is anticipated that 900 million drachmas of its financing will come from a loan (most of it in foreign exchange --more dependence), 400 million drachmas as a grant in accordance with Law 1262 on the assumption, however, that it will come up with 700 million on its own. This amount is needed for the anticipated investment in the Kymi plant which in the long run will require, according to televised reports, 2.5 billion drachmas and which is scheduled to produce various operational systems.

Finally, from 7 billion drachmas in advances from the Ministry of National Defense. However, these 7 billion drachmas are not scheduled to be derived from the weak state budget but from loans from GEEThA, from banks, if they are available. It is to be noted that an interest problem has begun to be created in GEEThA taking into consideration the fact that their rate is very high. It is evident that these anticipated resources are not expected to be coming forth. However, even if this were to occur there would still be a deficit of 1 billion drachmas. An investment program (Kymi, Lavrion, Aigio, Artemis) that is in danger of remaining a dead letter while the firm is additionally burdened through the purchase by Mr Arsenis of two other small ailing firms, primarily engaged in building auxiliary tanks for aircraft.

Will the "Artemis" finally be built? A clumsy governmental claim as to its added value.

Doubts are very great as to whether the manufacture of these artillery pieces is possible not only from a financial aspect about which mention was made previously but also from an operational aspect. The completion of this weapon is taking place through the import of parts from various nations, the coordination and operations standardization of which is proving to be difficult and uncertain. It should also be added that tests up to now are being conducted with ammunition that is not compatible with the artillery and doubts are thus raised if it will be able to operate under all conditions.

It is known that for the manufacture of these artillery pieces ND had in 1930 anticipated financing with 400 million drachmas. At the same time, however, the entire program on the production process and time frame was under checks and controls.

PASOK, that undertook the manufacture working without these checks or a system, announced that 85 percent of the value of the artillery would be Greek added value.

Never has an inaccuracy by a member of this government ever been so course.

According to the official contract, that must be submitted to the Chamber of Deputies, 60 percent of the value is in foreign exchange and for that reason is readjustible. The added value of the system will be only 10 percent. It was deemed appropriate in the contract that labor costs would take up 30 percent. In reality, they are only 6 percent. However, with this trick, EVO got the chance to make continuous readjustments to the original loan to a great extent.

Confusion with regard to offsets.

With respect to the orders of the Mirage and F-16 aircraft, the obligation for purchases by Greece of certain materiel that relate to aircraft and to the country's defense in general, as well as various exportable items are provided for. The settlement of this issue has been transferred from the Ministry of National Defense to the Ministry of National Economy. However, there is complete confusion and inexperience with regard to the settlement. The agreements do not contain any obligation on the part of foreigners, while the determination of the amount of items to be purchased or orders to be placed on the value of the contract is resulting in the agreements functioning badly. There is no clear policy on this matter. When foreigners show up to negotiate officials ask them what they can give us, not what we want and can do. As a rule, foreigners offer to place orders with outdated technology that cannot aid in the development of a domestic defense industry. To make it possible for the country to assume these orders the amassing of a vast amount of investments will be necessary. Given the fact that these investments will relate to the order for 40 aircraft, following the fulfillment of this obligation there is danger that they might be underutilized. Thus, an unprecedented cost for these necessary investments will be created. This holds true for all relative programs. As for the remaining items that Greece must ask for the perpetration of an unheard of fraud is facilitated. Foreigners have the capability, by giving a small sum to Greek suppliers and exporters, to show an export that would have come about regardless of the added obligation of the offsets. In fact, that is the reason why other purchasing countries --of war materiel--determine a percentage in the value of their contract that relates to offsets only and is constituted in orders that are linked with their defense industry.

As a rule, they avoid the so-called "third sector."

It must now be added that for most of these possible orders, whether they relate to systems or more generally-speaking to defense production, large-scale investments are needed which the country cannot meet. Moreover, the French orders lead to a much higher cost. It is also self-evident that there has already been a great delay in the F-16 order with the result that the relative orders have for the most part been placed elsewhere, for example, Belgium.

Unjustifiable disagreement over tanks.

A similar delay is observed in the delivery of tanks. At first the purchase of M-48 tanks from the United States was proposed. This tank is manufactured in two models. The A, that is of old technology and is priced at 8 million drachmas each, and the A-5 that is essentially a modernized A and is priced at 60 million drachmas. The logical view would be the purchase of the A model while modernization could take place in Greece. The profit would be used for activating the defense industry and, of course, in the savings of 52 million drachmas per tank. There is, however, something else that is being proposed by circles of the vice president's office--I will not use the slanderous expression "without prejudice" that he used because it is not my habit to place into doubt the good faith and honesty of men. This second proposal makes known that we should purchase the French AMX-30 tank whose modernization is doubtful since it has not been done [illegible]en by the French themselves. Modernization costs would be 120 million drachmas, given the fact that the new one costs 200 million drachmas.

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STEPS URGED TO STOP DRYING OF YATAGAN FORESTS

Istanbul CUMHURIYET in Turkish 7 Jul 86 p 2

["Yes/No" column by Oktay Akbal: "The Scientific Yatagan Report"]

[Text] My article entitled "Yatagan Has Been Abandoned to Die" has aroused broad interest. The responses were only from readers and learned persons who are knowledgeable about the issue. But there was no response from government officials. I find it beneficial to present to my readers a letter I received from Professor Tahsin Tokmanoglu, a faculty member of the Istanbul School of Forestry:

"I read your article about agricultural areas and forests in the Yatagan county of Mugla. We are grateful for your disclosure that the forests in that region are dying as a result of toxic gases and your efforts to report this disaster to the people. Because we cannot adequately explain forestry problems to our people and our officials. We thank you very much for helping us.

"In 1984, the Forestry Directorate General asked our school to conduct a study about the Yatagan forests. I am enclosing a copy of the report our specialist colleagues prepared after completing their investigations.

"In the first page of the report it is shown that the drying of the forest could not have been caused by soil or climatic conditions or insects and that secondary insects invaded the trees after they had dried up. The examination of cross-sectional samples taken from the trees show that all trees grew normally until 1983 and that their growth was significantly stunted after 1983.

"The power plant at Yatagan burns 14,400 metric tons of coal every day. This produces 576 metric tons of sulfur which is released into the environment in the form of sulfur dioxide. The same situation was observed in the Goktas (Murgul) copper smelting plant resulting in the death of all plants around the factory.

"Trees within 6 kilometers of the Yatagan power plant have been affected by the toxic gases. It is certain that the damage will assume far higher proportions in the near future."

Professor Tokmanoglu has also enclosed a copy of the said report. I thank him for his interest. It is impossible to include this long report in this column. Consequently, let us read only the "Results and Conclusions" section of the report. Perhaps pertinent authorities will also read it, and seeing that there are ways and means of stopping this national disaster, they will take the necessary steps without delay:

"As explained above, the damage observed in the said region was caused by gases released by the Yatagan Thermal Power Plant. Although this damage is at present confined to the interior of the valley and the hillsides overlooking the plant, the damage will spread to other areas if the plant continues its operations.

"The following measures can be taken by the Forestry Directorate General:

"1) Forest management plans must be changed immediately and dried or drying trees must be removed to prevent major insect epidemics.

"2) Since one cannot determine today what parts of the forest will dry in the future, provisions must be made in future plans to enable the Forestry Service to move more flexibly in harvesting trees.

"3) In the areas where trees will be cut deciduous trees, rather than evergreens, must be experimented with over short control periods. In this connection, species with higher resistance to toxic gases, such as oak, acacia and poplar, may be tested. However, since it is known that even these species will not survive in regions where toxic gases exist in high concentrations or where toxic gases are continuously present, reforestation must be undertaken only if favorable results are obtained from these experiments. Reforestation work must proceed cautiously.

"The following measures can be taken by the Yatagan Thermal Power Plant:

"1) The release of sulfur dioxide as well as gases containing mercury, arsenic, lead and zinc vapors, fluorine, hydrogen fluoride, chlorine, hydrochloric acid, nitric acid, various nitrogen oxides, sulfurized hydrogen and nitrates through the stacks must be prevented under all circumstances.

"2) In this regard, chemists in the factory and in other areas must be contacted and efforts must be made to absorb these substances chemically. Within this framework, it is also essential to use the gases released through the stack to produce certain acids as a by-product."

This report does not take the "human" element into consideration. It is true that the trees, the plants and the environment are being polluted. But what about people of that region and their lives? What will happen to the villages and the villagers of Yatagan? Who is going to think about how they are going to make a living? Can humans live when the nature around them is dying? I believe that the situation of the people of Yatagan is as important as--perhaps even more important than--the state of the plants and the trees. This may be--or must be--the topic of another investigation and another report on this issue.

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West Europe Report

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POLITICAL DENMARK

GOVERNMENT SPARED SECURITY CONFRONTATION WITH DIVIDED LEFT

Nuclear Arms Vote Avoided

Copenhagen BERLINGSKE TIDENDE in Danish 1 Sep 86 p 6

[Article by Morten Larsen; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Socialist People's Party [SF] will not try to win approval for a resolution making Denmark a nuclear-free zone even in peacetime. This means the government will be spared a resolution that would jeopardize NATO's reinforcement agreements.

The government will not be faced this fall with a Folketing resolution that would in reality prohibit bringing NATO reinforcements with nuclear weapons to Denmark in a crisis situation.

The Socialist People's Party does not think such a resolution can be passed and for this reason the party will refrain from starting an interpellation debate on the subject.

The possibility had been aired by SF and the Left-Socialists [VS] early this summer when Social Democratic chairman Anker Jorgensen made statements leading to speculation that the Social Democrats were prepared to declare Denmark a nuclear-free zone on a unilateral basis.

"But Anker Jorgensen quickly backed down or at any rate said that he had been misunderstood by the press. Therefore we will not try to win approval for a resolution of this kind. We do not want to create a situation that splits the alternative security policy majority," said SF chairman Gert Petersen after the party's summer group meeting at Peace High School in Brenderup, Fyn.

Instead the party will start an interpellation debate in Folketing on how the government has complied with a resolution passed in the spring.

It stated that Denmark in combination with other countries or on its own will work for a United Nations resolution calling on NATO and the Warsaw Pact countries to negotiate an agreement to the effect that neither side will be the first to use nuclear weapons in a war. "We would like to look into what the government has done to comply with the resolution. The answer Foreign Minister Uffe Ellemann-Jensen (Liberal) gave Kjeld Albrechtsen (VS) was very unsatisfactory and suggests that the government has done nothing at all," Gert Petersen said.

Leftists' Defense Cooperation Frustrated

Copenhagen BERLINGSKE TIDENDE in Danish 1 Sep 86 p 4

[Article by Thorkild Dahl; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Social Democrats have placed their eggs for a defense compromise after 1987 in the nonsocialist basket, according to Radical Liberal leader Niels Helveg Petersen, who is ready to discuss defense arrangements after that time with the Social Democrats and the Socialist People's Party.

The effort to produce a joint defense agreement between the Social Democrats and SF is over for the time being. The Social Democrats are moving toward a defense compromise with the government parties, but in the next 7 or 8 years a new constellation made up of the Social Democrats, SF and the Radicals will be formed to shape Denmark's defense policy.

SF leader Gert Petersen stressed that the long-range policy will succeed and the SF leader made it plain at a security policy seminar arranged by the Radical Liberals at the new Nordic Peace High School in Brenderup, Fyn, that a compromise involving the three parties is unrealistic at this time.

In a panel discussion with SDP defense policy spokesman Knud Damgaard and Radical leader Niels Helveg Petersen on the subject of non-offensive defense, it was clear that the so-called security policy majority in Folketing could not unite at this time on changing Denmark's defense system, although everyone warmly endorsed a defensive or nonthreatening defense setup.

"The Radicals should step in and fight for their own security policy program," Gert Petersen said.

Niels Helveg Petersen said that the Radical Liberals are prepared to participate in a discussion of future defense arrangements with the Social Democrats and SF, but that this should have a different aim than the present SDP proposal for defense.

Radical leader Niels Helveg Petersen said that the Radicals "can be found here and everywhere that efforts are being made to reduce the defense threat to the rest of the world. We will work to break the vicious circle of the arms buildup when it concerns Denmark's defense structure as well."

The Radical leader sharply criticized the Social Democrats for planning to cooperate with the nonsocialist parties, saying that the party's outline for modernizing defense points toward continued cooperation.

"The Radicals are ready to discuss things, even when it comes to the painful details or the budget. But it is hard for me to see how this can be done when the Social Democrats have placed all their eggs in one basket," said Niels Helveg Petersen.

Both the Radical and SF leaders criticized the Social Democrats for taking "minute steps" in the outline on defensive defense.

Knud Damgaard denied that Denmark would accomplish more by taking dramatic steps toward the goal, a confidence-inspiring nonthreatening defense as part of a Nordic nuclear-free zone.

Among other things Knud Damgaard said that the Social Democrats will not touch the agreements with the United States and Great Britain on reinforcements for Denmark, because this would affect the balance between East and West at this time.

SF leader Gert Petersen said that as a democracy Denmark "has an obligation to take the initiative."

"Denmark should take the initiative and try to use direct channels to the most open Warsaw Pact countries," Gert Petersen said.

Socialist Dismisses 'Defensive Defense'

Copenhagen BERLINGSKE TIDENDE in Danish 2 Sep 86 p 1

[Article by Morten Larsen: "SDP Politicians Disagree on Defense"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Poul Sogaard, former Social Democratic defense minister, took issue with party comrade Knud Damgaard following the latter's criticism of defense. Poul Sogaard also said that he does not care for the expression "defensive defense." Denmark's defense has been defensive since 1864, he said.

Former Defense Minister Poul Sogaard (Social Democrat) took issue with his party's defense policy spokesman, Knud Damgaard, who has accused Danish military officers of wasting millions of tax kroner on inter-service rivalries.

Poul Sogaard agreed that the Navy, the Air Force and the Army had each tried to get the most out of the situation. But he flatly denied that any service had obtained something at the expense of the others.

Knud Damgaard's criticism surprised Poul Sogaard, who could not recall any prior criticism by Damgaard of either defense compromises or defense in general.

"Apparently Knud Damgaard feels the money has been wasted. That is his own opinion, which I do not share," said Poul Sogaard.

Knud Damgaard said Sunday at a peace seminar in Fyn that the Army has been neglected for 10 years while the Navy has prospered.

"There is no question of that," said Poul Sogaard, who pointed out that also in his period as defense minister, the distribution of military funding generally followed the unanimous recommendations of the Defense Command.

"I never heard Knud Damgaard or anyone else make a fuss about the development that occurred in those years," said Poul Sogaard, who also revealed that he does not care for the expression "defensive defense," which was introduced in the Social Democratic outline for a future defense compromise:

"Danish defense has been defensive in nature ever since 1864 and cannot in itself be regarded as a threat by neighboring countries," he said.

Petersen Still Seeks Cooperation

Copenhagen BERLINGSKE TIDENDE in Danish 28 Aug 86 p 2

[Article by Morten Larsen: "SF Minority Government Unrealistic"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] As long as the opinion polls do not show more voter support for SF, a straight SF government is unrealistic, the party chairman said. But SF will continue to stress establishing an alternative to the nonsocialist government.

The Socialist People's Party will continue to stress the establishment of an alternative to the nonsocialist government together with the Social Democrats.

A straight SF minority government is unrealistic as long as the opinion polls do not show substantially more voter support for SF, party chairman Gert Petersen said after SF's summer group meeting in Fyn.

The question is so unrealistic that the Folketing group did not even discuss it at the meeting, group chairman Ebba Strange sadded.

Gert Petersen did not think a parallel can be drawn between SF and the narrow Liberal government backed by 22 seats in Folketing that Poul Hartling formed in 1974.

"A party like the Liberal Party that is located somewhere near the center of Danish politics has a chance of succeeding here. We represent one of the outer wings of Danish politics, so I would therefore not advice this step with the percentage the polls indicate," said Gert Petersen.

"If we had 40 percent of the votes, it would be hard to refuse," he added.

Gert Petersen sees no other potential allies for SF in addition to the Social Democrats. Therefore SF is working for an SDP-SF government or an SDP-SF cooperation.

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JUNE 15 VOTING PATTERNS CALLED TYPICAL FOR LOWER SAXONY

National Trends Unclear

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 18 Jun 86 p 5

[Article by Kurt Reumann: "Polarization Between Bourgeois and Leftist Blocs: An Analysis of the Landtag Vote in Lower Saxony"]

[Text] Has there been a "return to normality" in Lower Saxony? One might come to this conclusion in comparing the results of the Landtag election of 15 June with those of 1978: of 100 voting precincts, 90 were won by the same party as eight years ago; the CDU lost eight to the SPD, while winning two from it. Just as Albrecht's triumph of four years ago would be explained, under this assumption, as a "freak," as an impatient response by the voters to the downfall of the Schmidt-Genscher government, the result of last Sunday would have to be understood as a return to the status quo. The SPD's share (1978: 42.2 percent; 1986: 42.1 percent), is actually identical and certainly demands this interpretation. But whatever the case, can we make this analysis so easily when the SPD, in comparison with the Landtag vote of four years ago, won 5.6 percentage points and the CDU actually lost 6.4?

Of all Landtag elections of the recent past (Berlin, North Rhine-Westphalia, Saarland) that in Lower Saxony is without doubt the one that most clearly foreshadowed the next Bundestag election. It permits, to be sure, no conclusion as to who will govern beginning next year in Bonn. But Albrecht's exceedingly narrow victory shows that sober mundane calculation has gotten the upper hand of emotions. For the time being the belly rules the voter, not the head. He senses, of course, that the Federal Government of CDU/CSU and FDP guarantees the economic upswing. But many people believe the SPD will probably distribute the fruits of that upswing in such a way as to serve its own interests best, because the SPD loyally serves its own clientele. The CDU, on the other hand, had expected its supporters to understand that one saves at one's own expense. But in that, it allowed itself to be led astray by the protests of the farmers. If the last Landtag elections changed anything, they shattered the CDU's teaching that one can expect certain things of the voters. Thus far, but only thus far, have the CDU and the SPD become more alike: the Federal Government in Bonn will pause to reflect upon the fact that the CDU lost the most votes in those Lower Saxon areas where there is a relatively high rate of unemployment.

If one compares the result of Sunday's Landtag vote with that of the Bundestag election of 1983 in Lower Saxony, one realizes that the differences were too narrow to infer from them a clear-cut trend: minus 1.3 percentage points for the CDU, plus 0.8 for the SPD, minus 0.9 for the FDP and plus 1.4 for the Greens. The decline of 2.2 points, from this viewpoint, is to be interpreted as the eventual withering of those parties that currently govern in Bonn.

The way in which voters express their protest is more and more often to abstain from voting rather than to change parties. This was shown already in the Landtag elections of last year. In Lower Saxony on Sunday it was clear principally in predominantly rural areas where farmers have a strong influence. A portion of the traditionally-minded farmers chose not to vote for the CDU because they were incensed over farm policy, but also had no wish to allow another party to profit from their vote. The growing proportion of abstentions not from lack of interest, but as a protest, also is a signal, however, that the political climate in the Federal Republic in general has worsened, because the parties are being polarized ever more distinctly into a bourgeois and a left-leaning block. Many people prefer to stay away from the polls rather than strengthen the other block with their vote.

Here a way out is offered by the FDP to the middle-class voter who withholds his vote from the CDU, while the frustrated SPD voter finds no middle path. The threshold of his reluctance to change parties therefore rises. An exchange is possible mainly on the left, between the SPD and the Greens. The integrating power of the SPD rises in the process. The SPD owed its successes in the Landtag elections in the Saar and North Rhine-Westphalia partly to the setback of the Green Party (only 2.5 percent in the Saar, 4.6 percent in North Rhine-Westphalia). It is clear from statements by spokesmen of the Greens that they had hoped to reap greater profits in Lower Saxony from the catastrophe in Chernobyl. Greater profits? Presumably the Greens would not have gotten into the Landtag of Lower Saxony even without Chernobyl. The SPD can count on gradually pulling in the fringe-voters on the left.

In contrast, the FDP has not yet grasped the fact that it has become a catch-basin for dissatisfied CDU voters. It still gives the impression of an intellectual, anti-clerical party. For example, it had already won the votes of Catholic CDU "refugees" in the Landtag elections of the Saar and North Rhine-Westphalia, and in Lower Saxony it won them again. It may frighten Free Democratic functionaries that the FDP, as far as its voting constituency is concerned, has become in the Saar and in North Rhine-Westphalia a Catholic party. To be sure, the FDP is being stabilized by borrowed votes from the CDU camp. But it would be wrong to think that its still surprisingly good performance (8.5 percent in Berlin, 10 percent in the Saar, 6 percent each in North Rhine-Westphalia and Lower Saxony) rests on donated votes alone. It became clear above all in North Rhine-Westphalia that the FDP can jump the five-percent hurdle even when it is not seen as the procurer of the CDU's majority. The pale image of the North Rhine-Westphalian CDU was, of course, an important reason for that result.

In any case the results of the three Landtag elections of last year show that, however stable may be the core constituencies, voting trends in the Landtag elections carry more weight than in the Bundestag election. The SPD had gained 3.7 percentage points in 1985 in North Rhine-Westphalia, 3.8 in the Saar. The CDU had lost 6.7 points in each. In contrast, in atypical Berlin the CDU held its own against the SPD with a loss of only 1.6 points, while the latter gave up 5.9 points. Merely comparing the bare statistics, Lower Saxony with minus 6.4 percentage points for the CDU appears to lie rather on the line of North Rhine-Westphalia, especially since the increase of 3.7 points for the SPD in North Rhine-Westphalia is the more highly to be valued, the more difficult it becomes for a party to win that extra bit more needed for an absolute majority. Yet this superficial parallel leaves out of account the fact that the CDU in North Rhine-Westphalia had (and has) no leading candidate who could seriously contest Minister President Rau. Even the challenger in the Saar, Lafontaine, cut a better figure than Minister President Zeyer (CDU), who was then in office. In contrast, Minister President Albrecht (CDU) had the edge over the SPD leading candidate in Lower Saxony, Schroeder, in the eyes of most voters--the results of the poll taken by the "Research Group on Elections" of Mannheim, which conducted the final count on election evening for German TV Channel Two, affirm this even more clearly than the data of the Godesberg Infas Institute, which works for Channel One.

It is not to be expected that Chancellor Kohl will focus his election campaign so sharply on his own personality as "election monarch" Albrecht. The question, however, is whether Kohl will succeed in making a better showing against Rau in the Bundestag election in North Rhine-Westphalia than the unattractive CDU lead candidate in the Landtag vote. The voter defections in the Latest Landtag elections proved, however, one thing: the Bundestag election will be decided in North Rhine-Westphalia.

National Issues Important

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 19 Jun 86 p 12

[Article by Professor Dr Dieter Oberndoerfer, Professor of Political Science at the University of Freiburg, and Gerd Mielke; both are members of the Working Group on Elections: "On the Pathways of Voting Tradition: An Analysis of the Lower Saxon Landtag Elections "]

[Text:] Contrary to the prognoses published before the election predicting a fundamental turnabout in Lower Saxony, the results of Sunday's election do not stray from the beaten path of Lower Saxon voting traditions. The voting shifts between the CDU and the SPD restored a political equilibrium between the CDU and the Social Democrats that had gotten out of kilter. Until the CDU won an absolute majority--at the height of the crisis in the SPD-FDP coalition in the spring of 1982--that equilibrium was characteristic of the Bundestag and Landtag elections in Lower Saxony. The CDU, with its 44.3 percentage share of the vote, after a loss of 6.4 percentage points receded to its position in the early 1970's. Compared to the exceptional result of 50.7

percent in 1982, its share had fallen to 45.6 percent in the 1983 Bundestag election and to 43 percent in the European vote of 1984. In contrast to the setback of 1982 the SPD improved its position by 5.6 percentage points, thereby reaching again the level of 1978; in relation to the last Bundestag election it rose by 0.7 percentage points. As in the Landtag elections of 1985 in the Saar and North Rhine-Westphalia, the Social Democrats were able to chalk up almost exclusively to their own account the increase in the opposition vote. In the Landtag elections of 1984 it was the Greens who profited, in the main, from the opposition's bonus. The narrowing of the CDU lead can be seen from the net results of the change in majority throughout the 100 voting precincts. If the CDU was able to rack up more votes than the SPD in 87 precincts in 1982, the relationship is now 55 to 45. The Greens (7.1 percent) have proved themselves the third power in the Lower Saxon Landtag; the limit of the increase in their vote seems, however, to have been reached. The Lower Saxon FDP, finally, had to fight its way once again into the Landtag.

Historical Factor

The Landtag election results were influenced in part by substantial variations in areas with differing social structures. There exists in Lower Saxony, however, an additional peculiarity in the influence of regional factors on the party system, an influence perceptible apart from the social and economic structure -- a phenomenon linked with the mini-state tradition significant for Lower Saxony. This "historical factor becomes especially clear in the normally extreme variation in voter participation among Lower Saxony's regions. As shown by the traditionally high voter participation in the Saar and the traditionally just as low participation in Baden-Wuerttemberg--since the days of the Empire there--the rate of voter participation bears a heavy historical imprint.

The CDU strongholds in 1986, as before, were the voting precincts--few in number to be sure--with a Catholic majority. There it achieved an average 63.8 percent, compared to its average throughout the Land of 44 percent. In those precincts the SPD got to 25 percent. Localities traditionally favorable to the CDU proved to be still those voting precincts with a high proportion of farmers, low population density and small-business economies. In such areas it was able to record average vote shares of 47 percent. The SPD strongholds behaved in a way that complemented this pattern. With an average vote in all precincts of 42.4 percent, it received 43.2 percent in urban precincts, and in those with a high proportion of large companies and consequently an above-average degree of union organization, 44.8 percent.

The FDP's election results are characterized by a remarkable uniformity risi above all contrasts in social structure. It won 6.4 percent in the countryside in its conservative tradition, and 6.3 percent in urban service centers. The peak votes in Ammerland (10.4) and Diepholz (13.6), as well as Hannover Southeast (10.4 percent) reflect this double anchoring of the liberals in the social structure. It is striking that the FDP share of the vote in its traditional Lower Saxon stronghold of Diepholz was almost halved.

The Greens had their strongpoints quite clearly in the political milieu of the university towns with a strong, not independent middle class (19.4 percent in downtown Goettingen). There are, however, as in 1982 and 1983, rural voting precincts where the Greens, under the direct influence of controversial projects involving environmental policy, win a strong position, as in Luechow-Dannenberg, with 11.2 percent. Here, where the Greens had received over 14 percent in Salzstocken in 1982 because of the proposed storage of atomic waste, they had to accept sometimes painful losses, as in 31 other precincts. Among the 28 precincts in which they won above-average gains were, typically, 18 with high proportions of students and members of the service sector. Only this milieu was mobilized in any special way by Chernobyl; elsewhere, voter support for the Greens crumbled away. The gains and losses of all parties in Lower Saxony, compared to the Landtag election of 1982, are marked in great part by that same "lawn mower" effect already observed in the communal elections of Schleswig-Holstein. Beyond all regions and differences the CDU showed clear losses within a narrow band of variation. In contrast, the SPD's vote shares rose on a broad front. Only in the classic strongholds of the two large parties did there appear an additional fraying. Thus the SPD, with an average increase of 5.6 percentage points, gained 6.2 in Catholic precincts and in rural ones as much as 6.7 points. In those places the CDU gave up 7.4 and 7.6 percentage points, respectively. Contrariwise, the CDU's losses of 5.9 points in the cities, 5.6 in areas with economic structures typified by large industrial plants, and 5.3 in those with a high proportion of workers, were less than the mean of 6.3 percentage points for the Land as a whole. Complementing this pattern, the SPD's rates of increase, with 4.4, 5.0 and 4.8 percentage points in those precincts, are below the average. The constancy of the FDP results compared with 1982 in most voting precincts shows that the proportion of "borrowed voters" held within narrow limits: 1 to 1.5 percent.

Rural Voting Precincts

Voter participation was slightly below the level of 1982. Differences, however, played a significant role in the performance of the parties. Here a complex set of circumstances appeared. To be sure, voter participation in the CDU strongholds was higher than in SPD domains, but in comparison with the Bundestag elections of 1983, as also with the preceding Landtag election, it fell more sharply than in the SPD strongholds. The steepest decline occurred in the rural precincts. Voter participation fell there, measured against the Bundestag election, by 13.1 percentage points. The reverse occurred in the industrial centers and medium-sized and large cities, where participation declined less than average. In view of the CDU's heavy losses in its rural strongholds, it becomes clear above all that a large number of its rural supporters did not vote.

As always, the small parties with limited voter potential (the FDP and the Green Party) performed better than average in precincts with low voter participation. While the Greens won only 5.9 percent in precincts with the highest voter participation, its share in areas with low participation rose to 8.4 percent. Here it is worth noting that young voters, among whom the Greens find their strongest support, are the very ones most inclined to abstain from voting, thereby decisively narrowing the election chances of the "youngest" parties.

Lower Saxony is characterized by an unemployment curve declining from west to east. In voting precincts on the coast around Emden and Bremen, but also in rural Oldenburg, Cloppenburg and Vechta, the rate of unemployment has been well above the Land average for years. Unemployment of a mainly structural type, however, affects quite different branches of the economy. While rural family enterprises create a milieu in which unemployment to a large extent is socially cushioned, the social effects in Emden or in the Bremen metropolitan area are similar to those of unemployment in other regions of the Federal Republic. In September 1985, with a Land average of 11.6 percent, unemployment rates in the regions mentioned ranged between 14 and 21 percent. Although the CDU won 68.4 and 67.5 percent in the core unemployment cities of Cloppenburg and Bechta, the SPD dominated the scene in neighboring voting precincts similarly hit by long-term structural unemployment, such as Emden, Norden, Leer and Aurich. This reflects the differing socio-economic milieus. The CDU's losses in all precincts with high unemployment, however, were above average. It lost 8.1 percentage points in Cloppenburg, 10.3 in Ammerland, 9.1 in Leer and 10.3 points in Wittmund. The SPD's gains were above average in all precincts affected by high unemployment.

National politics exercised a decisive influence on the election results. It remains to be seen, however, whether controversial questions are always worked out as expected. It is indisputable that the election campaign attained a new intensity because of Chernobyl. The Greens, however, did not understand how to weld the dismay felt in broad segments of the population into an alliance between their hard-core supporters and newly "sensitized" voters. That the SPD held aloof in the main from the Greens during the campaign clearly did not work to its disadvantage and, in view of the mobilization and integration of its core voters, was the right strategy for the coming Bundestag election campaign. The FDP, finally, was able to pick up only a small part of the CDU's losses by a division of work inside the coalition, but its success argues nonetheless for the coalition strategy of a united government campaign.

* * *

This analysis was prepared by the "Working Group on Elections" at the Chair for Political Science of Professor Oberndoerfer at the University of Freiburg. Other members, besides the authors, are Ulrich Eith and Ulrike Ernst, both political scientists.

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CSO: 3620/735

DIVIDED COMMUNIST PARTY PREPARES FOR ELECTION CAMPAIGN

Large Parliamentary Seat Loss

Helsinki UUSI SUOMI in Finnish 3 Aug 86 p 2

[Editorial: "SKP, Democratic Alternative and Elections"]

[Text] It has taken fully 17 years for an actual split within the Finnish Communist Party (SKP) to lead to the existence of two different parties. Founded by the former minority Communists led by Taisto Sinisalo and now also listed in the party register, the Democratic Alternative (DEVA) has all the formal and objective characteristics of a political party.

The most important issue during the party's initial phase will be its relations with its affiliated Soviet party.

The CPSU attempted to achieve two objectives simultaneously at the time of the dissolution of the SKP. It supported party unity and consistently opposed the establishment of two parties. On the other hand, throughout that entire period it openly sided with the Stalinists, who constituted a minority.

Now the CPSU has had to face an undisguised fact. In its relations with the SKP headed by Arvo Aalto, it has adopted a pragmatic approach. Following the chill of the initial phase, purged of its Stalinists, the SKP has been treated formally like the other West European communist parties: correctly, but not warmly. An invitation to the party congress in Moscow arrived and now Aalto has also received an invitation to vacation in our neighbor country.

When the birth of the DEVA began to appear to be inevitable, the CPSU switched its financial support from the SKP to the DEVA. The DEVA has not, however, received the same "communist party" treatment as the SKP and Taisto Sinisalo, for example, did not receive an invitation to the CPSU party congress since he was not included in the SKP delegation.

The situation is, however, familiar to the CPSU because of its occurrence in many Nordic and West European communist parties. In its policy with regard to Finland and Europe the Soviet Union has during Gorbachev's term laid greater emphasis than before on the importance of good relations at the national level.

Since, furthermore, the CPSU has direct relations at the party level with the leading government parties in Finland, the SDP [Social Democratic Party] and the Center Party, it has no reason at all for complicating its good relations with Finland by laying emphasis on its connections with the Communists at the expense of its relations at the government level.

The Stalinist rank and file will probably be truly annoyed if they see "traitor" Aalto at big international communist congresses in the near future, but at which Stalinists, unwaveringly loyal to "proletarian internationalism," occupy at best some sort of observer's loge. This may, however, be explained by the fact that the DEVA is not a party at all, but only the means necessary in a nonsocialist society for getting the SKP into the right hands again.

A direct consequence of setting out for the elections with two tickets will be a noticeable reduction in the number of ultra-Left seats — estimated at from 10 to 12 — in Parliament. Some of this can be explained as being due to the passive attitude assumed by voters frustrated with the party squabbles and some of it to election arithmetic. Of course, support for communism has already lessened because of structural changes in the society.

Only gradually, however, will we be able to determine whether the collapse [of support for it] will mean the disappearance from Finland of an ultra-Left with different political convictions as a significant political force. Support for the parties in Finland has in general been incredibly stable from one decade to the next.

When, however, we add to the collapse of support for it the obvious inability of both the SKP and the DEVA to cooperate with the other parties, the ultra-Left of the political spectrum would appear to be removed from the making of policy in Finland, at least for some time to come. Against this background, TIEDONANTAJA's cautious critique of critics of presidential candidate Paavo Vayrynen is completely lacking in the dimension of striving to increase its strength that SKDL [Finnish People's Democratic League] support for Urho Kekkonen once had.

Now that we have finally been forced into a situation in which there are two communist parties, it will certainly be a long time before we see whether there is in either of them a return to posts that exert influence on Finnish policy.

Stalinist Organ: Heal Split

Helsinki TIEDONANTAJA in Finnish 7 Aug 86 p 2

[Editorial: "We Must Not Agree to a Split"]

[Text] Excluded from SKDL election coalitions, the Communists and their coalition partners are entering the parliamentary elections within the framework of the DEVA. It is a clear alternative to the current conservative tendency and is also a coalition organization for the devastated SKDL. The DEVA has the potential for obtaining a sympathetic response and success in the elections.

We must, nevertheless, continue to act decisively against an election split between the Communists and the People's Democrats. "It would be unforgivable with regard to the national interests of the working class and Finland to agree to a split," the Central Committee of SKP Organizations admonished at the May meeting. The interests of the faction that is behind the split differ from these interests, but the interests of SKP and SKDL members and supporters are compatible with them. We must do everything in our power to minimize the damage caused by the split and to see to it that the innocent do not have to pay for the split.

The Central Committee of SKP Organizations has expressed its full readiness to negotiate and reach agreement on all decisions by means of which the consequences of the split would be minimized and as united as possible an election presence would still be assured. The entire DEVA election organization and its supporters are also without a doubt prepared to do this.

Every Communist and People's Democrat, every progressive individual has the right to demand of his leaders and governing bodies a sense of responsibility. A great deal is at stake. The lack of a sense of responsibility is a serious crime at this time.

The interests of our country and the working class require as united and independent a Communist and People's Democratic presence as possible in the presidential elections too in addition to the parliamentary elections, even though the conservative faction at the head of the SKDL does not like the idea. We ought to be able to minimize the damage caused by the split in the presidential elections too and to clearly rally our forces in favor of a foreign policy line based on the Friendship, Cooperation and Mutual Assistance Pact. Divided and dependent on others, the Communists and People's Democrats are incapable of fulfilling the mission incumbent on them. Rallying our forces certainly presupposes joint, broad-minded deliberation in, for example, deciding on candidates, not dictating choices and clinging to the past.

Central Committee Confirms Split

Helsinki HELSINGIN SANOMAT in Finnish 16 Aug 86 p 10

[Article: "SKP Congress in June"]

[Text] The SKP Central Committee has set the date for its 21st party congress. Holding a meeting at Sirola College in Hameenlinna on Friday, the Central Committee agreed that the congress would be held on 12-14 June 1987.

The Central Committee at the same time took advantage of the occasion to take up the preparations for the congress. It was decided that the district representatives to participate in the congress would be chosen in accordance with membership as of the end of next March.

The decision is a message to the Stalinists organized under the banner of the DEVA: It will be possible to influence SKP decisions at the congress only as a party member.

The Central Committee also agreed on a timetable for the Party Platform Committee. The committee plans to prepare a first draft of the new party platform as early as this year.

The SKP member organizations will have an opportunity to discuss the draft in the spring and they intend to hammer the platform into its final form at the June congress.

The SKP Central Committee will still be in session on Saturday and will adopt a position with the other SKDL member organizations on the declaration on the parliamentary elections which the People's Democrats are drafting.

SKDL Campaign Platform Presented

Helsinki HELSINGIN SANOMAT in Finnish 17 Aug 86 p 8

[Article: "SKDL Polishes Its Shield for the Elections; Kakela Demands New Order in Foreign and Domestic Policies"]

[Text] Hameenlinna (HS)—The SKDL intends to avert the defeat predicted for it in the parliamentary elections with an energetic counterattack. On Saturday the People's Democratic member organizations honed their election declaration at Sirola College in Hameenlinna, one in which their views are expressed more clearly than before.

SKDL chairman Veikko Helle and SKP chairman Arvo Aalto also thought that the SKDL presidential candidate would be nominated as early as at the SKDL Council meeting to be held in the fall. Governor Kalevi Kivisto's name has been primarily raised in the discussions.

SKDL first secretary Reijo Kakela gave the main address at the meeting. He showed the others the expedients by means of which they would launch the coming election campaign.

During the spirited speech he gave, which lasted for over an hour, Kakela managed to indicate what the president's position and that of our foreign and domestic policies, the Armed Forces and the police should be.

In Kakela's opinion, Presidents Urho Kekkonen and Mauno Koivisto do not differ from one another very much. As Kakela sees it, they both represent another kind of republic that must soon make way for a new one.

"The time for a low profile is past. It's like vegetable enthusiast Waerland's doctrine that one must defecate odorless waste four times a day," Kakela said.

The threat of war and an approaching ecological catastrophe are forcing man to guide his history consciously. In Kakela's opinion, it is time to promptly set to work and turn our foreign and domestic policies into an entirely new credo.

"Foreign Ministry Must Be Put to Work"

Kakela is demanding a bold new foreign policy in which "we must firmly cling to the prospects for preserving both national and global life instead of the present foreign policy, which has sunk into a diplomacy without prospects."

According to Kakela, there will be no room in the new foreign policy for self-important diplomats whose "skill is chiefly considered to be their ability to speak nonsense in French."

Kakela is demanding that the Foreign Affairs Ministry get to work since, according to him, there is no longer any time for mere choreography. In his opinion, Finland should abandon its slide rule neutrality and take the initiative in international politics.

"They tell us that we aren't neutral in issues involving war and peace. That's good. Let's make a practice of it. Let's stop splitting hairs," Kakela demanded.

"We propose that our country immediately, ably and boldly present a considered initiative to the nuclear powers for holding an international conference at which a system would be created such that a nuclear war would not at least break out because of minsinterpretations or technical errors."

"More Views on Domestic Policy"

Kakela does not give the domestic policy pursued these past few years any higher marks. According to him, the country has gone through a sorry, plodding political period during which we have contented ourselves with resolving only topical issues.

In place of this, Kakela is putting on public record bold visions and courageous images of the future. The most important thing would be to come up with a domestic policy in which issues are examined from the perspective of the whole world instead of that of the land of the brownies.

Kakela views the postwar Left-Center coalition as a tactical arrangement rather than a real attempt at reform despite some of its favorable achievements.

Furthermore, the Center Party's recent casting of glances to the Right will, in his opinion, force them to completely reevaluate the conditions for a coalition.

Kakela feels that the political situation is undeniably drifting toward a conflict between the Left and the Right.

The SKDL is now calling on all those who are willing to engage in this "contest between civilization and barbarianism," nor is it closing the doors to the Social Democrats either, although "their problems in a capitalist Finland" are apparent.

Kakela's statement on domestic policy also included the goal of economic equality by more clearly shifting the focal point of taxation from citizens to businesses.

"Only when managers trade in their Mercedes for Lados for the sake of our ability to compete internationally can we discuss the importance of taxes to our ability to compete and unemployment," he said.

Kakela is concerned over the fact that "all those who speculate with the markka are shaking the pillars of our national economy in both directions."

"We demand that our country's economic independence be rebuilt. We demand that immediate steps be taken to restrict their freedom to sell our fatherland through capital movements and money markets."

"Army and Security Police Have to Go"

Kakela also exceptionally sharply ridiculed the defense establishment. In his opinion, in the age of nuclear weapons our Army is nothing but a relic, the money that is wasted on which could be employed more profitable on projects to reduce the threat of war.

"Since some people no doubt fear military voids, let's leave it to the modest-sized, specialized force that is equipped for the job to guard our borders, a force that can also be employed in peace-preserving missions. Let's build the strategy for the defense of our national values on a civilian resistance," Kakela proposed.

In addition to the Army, the Security Police also received its share of criticism. In Kakela's opinion, a new domestic policy presupposes an extension of democracy, citizens' control over our common and their own affairs. For this reason, we should quickly get a strict information protection law passed that would provide information services for people's inspection.

In Kakela's opinion, there should not be police in Finland either, who "spy on us, collect information on us, keep records on us and express their opinions of us to those to whom they submit their reports." In a democratic country the police ought to subordinate themselves to democracy and citizens' scrutiny.

"We Must Have an Economic Conference in Helsinki"

Kakela's presentation was enthusiastically received by the Social Democrats. It was praised without any grumbling as an action program which it would be well for the SKDL to follow.

Women would have preferred to see provision in it even more clearly than before for their demands for equality.

The presentation also gave rise to a couple of supplementary proposals. In addition to the conference on nuclear weapons proposed by Kakela, the People's

Democrats intend to take steps to obtain reports on the activities and effectiveness of the Foreign Ministry. Jaakko Ylitalo proposed this move.

As for Member of Parliament Inger Hirvela, she hoped that they could get a conference for the discussion of international relations to be held in Finland.

In her speech Hirvela also lamented the decision to appoint Member of Parliament Antti Kalliomaki secretary to Prime Minister Kalevi Sorsa.

In Hirvela's opinion, the decision shows what the Social Democrats and Kalevi Sorsa think of parliamentarianism and Parliament's situation.

"A member of Parliament's job is to keep watch on the ministers, not to resort to being their messenger boy," Hirvela said.

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BRIEFS

SUCCESSION DENIED--Words were put in his mouth. This happened to Deputy Minister Giorgos Papandreou, who granted an interview to a Swedish magazine. Some Greek newspapers reported that in the course of that interview, Papandreou stated that he intends to succeed his father in the position of prime minister. In answer to those publications, the Ministry of Culture made the following announcement: "Deputy Minister G. Papandreou regretfully read in certain papers some statements he never made. He never referred to what was attributed to him in the course of the interview he gave to a Swedish magazine." The press articles were also denied by government spokesman Miltiadis Papaioannou. [Text] [Athens TA NEA in Greek 26 Aug 86 p 7] /8309

CSO: 3521/254

CONSEQUENCES IF COALITION LOSES MAJORITY IN FIRST CHAMBER

Amsterdam DE VOLKSKRANT in Dutch 20 Aug 86 p 12

[Article by correspondent Frits Van Vugt: "Will the First Chamber Vote Against Lubbers II?"]

[Text] CDA senator Postma recently outlined correctly both the increasing prominence of the First Chamber and its causes as well as the possible results for the second Lubbers cabinet, if the elections for the Provincial States next year should lead to a Senate where the government can no longer be supported by a majority of the CDA and VVD.

However, he did not go into the political party and constitutional views regarding a possible blockade against government bills (not to mention a future conflict of confidence between the First Chamber and the government, if the progressive groups should get the majority). These aspects are certainly so important, because they can lead to different conclusions in the then arising constitutional crisis.

Our two chamber system was already controversial in the previous century. At its establishment (in 1815, at the urging of the Belgians) one wanted--next to a directly elected Second Chamber--a "bulwark" around the throne. Later, when the Second Chamber gained influence and democratized the right to vote, it was assumed as legitimation for the Senate that it must create a counterweight against the all too democratic tendencies in the Second Chamber, by acting as the representative of large property owners. The Senate had to be on its guard against "too hasty action" by the directly elected part of the States-General.

Limited Assignment

However, there gradually developed as a rule of (unwritten) constitutional law that primacy in people's representation must rest in the Second Chamber. This could be deduced both from the limited assignment of the First Chamber (no right of initiative and amendment) as well as the fact that its election took place indirectly (via the provincial states) and always followed that of the Second Chamber.

Still it is interesting to know that when conflicts arose, because the Senate later repudiated bills with a heavy political content which had already been approved by the Second Chamber, this happened mostly because of rightist majorities in the First Chamber regarding progressive bills (for that time).

There were especially at the beginning of this century various such cases (1900: Accident Law, 1915: Oath Law, 1917: Increase of estate taxation, 1917 and 1918: Introduction of state pensions). The only time that a leftist (then: socialist, liberal and liberal-democratic) majority in the First Chamber rejected a bill of a rightist (denominational) cabinet was in 1904 regarding the Higher Education Law. Although in the other cases, the First Chamber always got the best of it (the law was then changed in the sense of the Senate), the First Chamber was then immediately dissolved. The Kuyper Cabinet did this because it was already clear that the right would get the majority in the new organization.

Restrained Role

Considering the above, it is not surprising that both the SDAP [Social Democratic Labor Party] leader, Troelstra, as well as the liberal-democrat Marchant tried to eliminate the First Chamber around the twenties. Because of the fact that the latter is regarded as a superfluous duplication of the Second Chamber, the PvdA is now of the opinion that the Senate might just as well disappear. However, that did not come out of the revision of the constitution in 1983.

On this occasion, the Van Agt I government at the time declared that "it is assumed as a parliamentary guide line that it is not the business of the First Chamber to interpret political results to gain control of policy, so that it compels a cabinet to resign." Both ministers of internal affairs, Wiegel (VVD) and Van Thijn (PvdA) have indicated that the Senate certainly is formally authorized to express its lack of confidence in a minister or cabinet, provided the First Chamber observes here the necessary restraint. It was a remarkable fact that the VVD fraction in the Second Chamber denied the confidence rule, while its sister fraction in the Senate accepted the latter.

The revision of the constitution has not provided a public opinion about the political importance of the First Chamber, also anything about its legislative role. Supposed constitutional rules will have to prove themselves in practice. It is generally not questioned that the First Chamber can use its right to express a veto of proposed laws (Chamber's function of revision). Well it was declared from the Second Chamber in 1962 through van Oud (VVD) and Burger (PvdA) that it should apply as an unwritten rule for the First Chamber that, if a bill repudiated by it is steered later unchanged through the Second Chamber, the Senate then would have to accept this.

It appears predictable that, if the CDA and VVD lose their majority in the First Chamber next year, the progressive fractions will continue their political opposition in the Second Chamber in the First. Important bills can then come to grief in the First Chamber. PPR [Political Party of Radicals] Senator B. de Gaay Fortman fanned this fire recently by declaring that because of the direct and full election of the First Chamber by the Provincial States, the States elections are going to play a referendum role: "vote against the revision of the social security system and the Euthanasia Law."

I can imagine that the left, although it is a spectator of the two chamber system, occasionally wants to use its existence--something the right has done so often. A (reverse) parallel between the abortion and euthanasia legislation then intrudes. It is still not so long ago (in 1976) that the denominational parties and the majority of the VVD fraction in the First Chamber finished off the hard fought compromise about abortion (the Initiative Bill of the PvdA and VVD parliamentary members Roethof, Geurtsen, Lambers and Veder-Smit), after the Second Chamber had approved this with the support of the full VVD fraction.

The CDA-VVD compromise submitted later, with a liberal slant pulled through. Something similar can happen next year, a possible CDA-VVD (Council of State) compromise on euthanasia. With another composition of the Senate, the joint opposition of the left (compromise not liberal enough) and minor rightist parties (compromise is contrary to God's laws) it would be possible to create a blockade, whereupon the road is clear for a new bill (Wessel-Tuinstra Initiative Bill?).

Recent Clashes

While Postma sees as the most probable solution of a conflict of confidence between the First Chamber and the cabinet a change of the government's foundation, his CDA fraction leader in the Senate, Christiaanse is still far from that. The latter declared recently that "where thwarting legislation would be on the same footing with the cabinet's steering it through successfully, the limit is reached of what the Senate should allow." He pointed out in this respect that the First Chamber only rejects legislation infrequently.

Still it is true that this has happened, more often in recent years than in the past. Here are a few figures: from 1849 until today the First Chamber has rejected 119 bills. This average of not even one per year also applies for the period 1945-1985. However, in the last yearly session, five bills were rejected. A striking fact in connection with that is when we look at the eight most recent cases (1982 until today), five of them ran aground because of a CDA and VVD veto, while the PvdA favored them. Once the blockade was from the CDA and the other parties (PvdA and VVD favored it), once it was by the PvdA and VVD (with the CDA in favor), and one time all the First Chamber was opposed. Consequently it appears that even in recent clashes between the Senate and cabinet (in one case it involved the one Initiative Bill of the PvdA and CDA which also was rejected by the First Chamber CDA fraction), it is mostly the present government parties who are using the Senate's powers.

For that reason and because these parties are those which guarantee the maintenance of the First Chamber, the CDA and VVD should precisely take a more restrained position, if the First Chamber plays a more conspicuous role next year and makes it difficult for the Lubbers II cabinet.

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CSO: 3614/135

GOVERNMENT POLICY ON ASYLUM FOR REFUGEES ATTACKED

The Hague ANP NEWS BULLETIN in English 21 Aug 86 p 8

[Text] The Hague, August 20--A Dutch refugee organisation today lashed out at restrictive cabinet policy on refugees, which it said had cut Dutch acceptance of asylum seekers by more than half since 1982.

In a memorandum published today, the Vluchtelingenwerk Nederland organisation said that the Netherlands had accepted 57.2 per cent of all applicants seeking asylum in 1982, but that this figure dropped to a scant 19.8 per cent in 1985.

The memorandum, published with an eye to a planned government paper on refugee policy to be released shortly, notes that of the six richest European Community countries the Netherlands offers a home to by far the fewest refugees.

The Netherlands harbours 10 refugees per 10,000 residents, compared to West Germany's 21, Britain's 24 and Belgium's 37, it said.

Vluchtelingenwerk said at a press conference it was 'deeply concerned' at Dutch refugee policy. Organisation chairman J. Scholten said the Dutch government wrongly interpreted the Geneva treaty on refugees, as it was far too strict in judging the concept of 'first country of reception'.

Under Dutch law at present, a refugee who is merely passing through a country is considered to have been received there, and subsequently loses rights to asylum in the Netherlands, Scholten explained.

Low Rating

This conflicted with internationally accepted norms and practices in most other West European countries, he said.

The organisation's statement noted that media reports suggested that the Netherlands and Europe were currently being flooded by refugees seeking asylum, but said figures proved otherwise.

Since the Second World War 31,500 refugees had made their home in the Netherlands which during the first 25 years had chiefly welcomed refugees from eastern Europe.

The largest single group had been a party of 3,300 Hungarians housed here in 1956.

On a world scale, Europe rated low as a haven for refugees, with only three to six per cent of the world's 13 million asylum seekers finding a home there, the memorandum noted.

This contrasted with 13 per cent in the United States and Canada, while Pakistan with three million refugees and the Sudan with 600,000 were heavily burdened.

'Passive'

The memorandum pleaded for a more active Dutch role in initiating a trans-European refugee policy. Scholten added that Europe was too passive in combatting the reasons for the stream of refugees and called for an international approach to combatting the problem.

The memorandum said Dutch admissions policy should no longer be influenced by outside factors such as foreign policy, and pleaded for more streamlined processing of asylum applications.

The organisation said asylum procedures should be allowed to last no more than two years, compared with the current five to seven years required to finalise refugee status.

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CSO: 3600/39

MEDICAL ASSISTANCE TO SURINAME RESUMED

The Hague ANP NEWS BULLETIN in English 1 Sep 86 p 3

[Text] The Hague, September 1--The Netherlands has decided to release the one million guilders' worth of medical aid to Surinam which was frozen earlier this year, a spokesman for Development Cooperation Minister Piet Bukman said at the weekend.

The aid is part of a two-million-guilder package, half of which has already been made available to the former Dutch colony.

Delivery of the remainder was suspended in April this year, after a senior Surinamese government official was charged in the United States with offering safe passage for cocaine shipments through his country to the U.S.

At the time the Dutch government intended to await the outcome of the trial of Captain Etienne Boerenveen, a member of Surinam's ruling military council, to assess whether there was any question of senior authorities in the South American nation being involved in cocaine smuggling, the spokesman said.

But investigations into the case have still not been completed and it is not known how long they will take. At the same time the need for medical aid in Surinam is becoming increasingly urgent, he said.

In the light of this, Bukman had decided to free the suspended aid, and his ministry will consider shortly whether to allocate a further one million guilders for medical aid to Surinam, he said.

The aid released at the weekend will be given in the form of medical supplies. If the ministry decides to allocate another million guilders, this will be given in the form of missionary aid, he added.

Dutch development aid to Surinam was suspended in 1982, after 15 opposition leaders were shot dead in Paramaribo by the military.

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CSO: 3600/38

CONSERVATIVE PARTY SETS POSTWAR POLL RECORD WITH SUPPORT

Support Equal To Labor's

Oslo AFTENPOSTEN in Norwegian 6 Sep 86 p 3

[Article by Bjorn Talen: "Gallup/Norwegian Public Opinion Institute/AFTENPOSTEN: Conservative Party Has As Much Support As Labor Party!"; first paragraph is introduction]

[Text] The Conservative and the Labor Parties have precisely the same level of support, says the August poll taken for AFTENPOSTEN by Gallup/Norwegian Public Opinion Institute. Just before the change of government four months ago, this institute observed 43.9 percent for the Labor Party and 28.8 for the Conservative Party--a difference of 15.4 percentage points, or something close to one-half million voters. Now both parties receive 35.5 percent!

This signifies a post-war historical record for the Conservative Party. Also, for the first time in a long time, the three parties which were in the previous government enjoy a clear majority among voters, that is to say, without the Progressive Party.

Once Before

Only once before have the Labor and the Conservative Parties been so equal on the Norwegian Public Opinion Institute's party barometer, namely in January 1981, when both parties registered 33.5. That was in the final days of the Nordli government, and when Gro Harlem Brundtland took over as prime minister, the Labor Party's Gallup curve swung rapidly upwards again.

Landslide

This time, Gro Harlem Brundtland's assumption of power has clearly led to a veritable flight of voters from the party. Up until the change of government in May of this year, the Labor Party's lead over the Conservative Party grew steadily. In the April poll, the Labor Party led by 15.4 percentage points. As early as the following month, the voters' reaction began to emerge. The lead was reduced to 11.2 percentage points, and in June it was down to 7.8. The trend was very clear, but no one would really have believed that the difference would be equalized as quickly as the first poll after the summer vacation. To be sure, surveys by other institutes had also shown that levels of support for the two major parties were in the process of getting closer to one another.

Young Voters to Conservative Party

The major swings we have seen in recent months are unprecedented in Norwegian polling history. The Labor Party's decline from 39.9 percent in June to 35.5 percent in August (-4.4) corresponds to voter defection on the order of 100,000 during the summer vacation. The Conservative Party's advance from 32.1 to 35.5 percent is also exceptional. Background figures show that a full 98 percent of those who voted Conservative in last year's election would do so again and furthermore the Conservative Party gets nourishment from all the other parties--comparatively the most from the Progressive Party and almost as many from the Labor Party in absolute figures. The Conservative Party also does particularly well among younger voters. In the group under 30, 42 percent would vote Conservative, while only 19 percent prefer Labor. In the next age group as well--those between 30 and 45 years of age--the Conservative Party receives the greatest support.

Socialist Party of the Left Wins Too

After the Conservative Party, the Socialist Party of the Left gains the most from the Labor Party's decline. For a long while, the Socialist Party of the Left has stayed fairly stable between 5 and 6 percent, but this month advances to 7.2 percent (+1.4). This advance confirms the unrest which could be detected in the Labor Party and the trade union movement over what these groups see as the government's moderate course and willingness to compromise.

Reaction in Progressive Party?

The Liberal Party also experiences a small upswing this time. 3.3 percent (+0.8) is the best result the party has achieved in a long while. On the other hand, the Progressive Party declines by the same amount and finishes with 2.5 percent, the lowest in years. A single poll is of course a slender basis for judgment. But it may well be that voter reaction to the fact that the Progressive Party helped topple the Willoch government is now showing up after people have seen what the Labor Party has done now that it is in power.

Both the Christian People's Party and the Center Party receive exactly the same support as they did in June, 8.4 and 6.7 percent respectively. This corresponds to the levels in last year's parliamentary election, but represents a certain advance in comparison with the pre-government crisis situation.

Nonsocialist Majority

Altogether the three parties of the previous government have 50.7 percent of voters behind them, as opposed to 42.7 for the Labor Party and the Socialist Party of the Left. An election today would have resulted in a clear nonsocialist majority in Parliament, even without the support of the Progressive Party.

The survey is very current. Field work occurred from 20 August and ran straight through to Monday of this week.

	1981 Parliamentary election (percent)	1985 Parliamentary election (percent)	Sept.	Oct.	Nov.	Dec.	1986 Jan.	Feb.	Mar.	Apr.	May	June	Aug.
Labor Party	37.1	40.8	41.6	41.9	42.6	43.0	41.0	42.2	43.3	43.9	41.2	39.9	35.5
Liberal People's Party	0.6	0.5	0.6	0.5	0.0	0.3	0.4	0.8	0.1	0.7	0.3	0.3	0.3
Progressive Party	4.5	3.7	4.5	4.1	3.1	3.1	3.5	3.5	3.1	3.3	3.6	3.5	2.5
Conservative Party	31.8	30.4	29.0	29.8	31.1	30.2	30.4	30.2	30.9	28.8	31.0	32.1	35.5
Christian People's Party	9.3	8.3	7.4	7.6	7.5	7.8	9.5	8.0	7.2	7.3	6.9	8.4	8.4
Norwegian Communist Party	0.3	0.2	0.2	0.1	0.0	0.1	0.4	0.2	0.3	0.1	0.4	0.0	0.0
Radical Left	0.7	0.6	0.6	0.7	0.7	0.6	0.3	0.6	0.6	0.6	0.7	0.3	0.6
Center Party	6.6	6.6	6.2	6.8	6.5	5.8	4.8	5.7	6.0	5.8	7.4	6.7	6.7
Socialist Party of the Left	5.0	5.5	6.3	5.8	5.7	5.7	6.4	5.9	5.7	6.6	5.9	5.8	7.2
Liberal Party	3.9	3.1	3.3	2.7	2.5	2.7	2.2	2.3	2.2	2.5	2.5	2.5	3.3
Others	0.2	0.4	0.4	0.0	0.4	0.6	1.1	0.6	0.6	0.4	0.0	0.5	0.0
Total	100.1	100.0	100.1	100.1	100.0	100.1	99.9	100.0	100.0	100.0	100.0	100.0	100.0
Labor + Socialist Left	42.1	46.3	47.9	47.7	48.3	48.7	47.4	48.1	49.0	50.5	47.1	45.7	42.7
Conservative + Christian People's + Center	47.7	45.3	42.6	44.2	45.1	43.8	44.7	43.9	44.1	41.9	45.3	47.2	50.6
Conservative + Christian People's + Center + Progressive	52.2	51.3	51.6	49.0	47.1	48.3	48.2	47.4	47.2	45.2	48.9	50.7	53.1

The figures show how people would vote if a parliamentary election were held tomorrow, of those who would definitely vote. Also asked was which party people had voted for in the 1985 parliamentary election. The differences between the support for the individual parties on this question and the actual 1985 electoral result was used as a weighting factor. Interviews were conducted over the period 20 August-1 September 1986. Gallup/Norwegian Public Opinion Institute

Economy Behind Government's Setback

Oslo AFTENPOSTEN in Norwegian 6 Sep 86 p 3

[Commentary by Bjorn Talen: "Crisis of Confidence"]

[Text] The startling Gallup/Norwegian Public Opinion Institute August poll will certainly further accelerate tactical discussions in the nonsocialist camp about when it will be the most favorable to topple the Harlem Brundtland government. But these discussions will still seem peaceful when compared to present developments in opinions at Youngstorv.

Not only were those who warned against a calendar for taking over the government proven correct. Political developments also indicate that the Labor Party finds itself in a serious crisis of confidence.

Some have indeed reacted to individual issues such as the devaluation, the fumbled handling of the wage settlement, no to private health care facilities, NATO footnotes--and gross taxes. But the major reason for the voter flight from Labor is probably Gro Harlem Brundtland's national record for running away from guarantees to voters and pledges made when her party was in the opposition.

Everything Was Wrong

Indeed it was not so very long ago that voters heard that everything was wrong in the Kingdom of Norway. But if only the Labor Party had power, things would be fine again. However, a few days after Gro Harlem Brundtland and Company had moved into government offices, there came the message that electoral pledges could unfortunately not be fulfilled. Suddenly there seemed to be full employment in this country, so actions which would create expectations were no longer necessary. Waiting lines for health care and other conditions for which the Willoch government had been criticized, for reasons which were partly justified, did not at all vanish overnight. Or during the summer either.

Muses Dance

The Labor Party also probably had its reliability cracked at the start in its attempt to renovate the liberty facade. At the very first opportunity, the new government said no to greater chances for choices in the health sector--observe that it did so without proposing anything else instead except vague promises of increased public effort.

Furthermore, for many years the Labor Party has been able to score points on the split among nonsocialists and their lack of willingness to cooperate. Four months of governing has meanwhile revealed that the ability to manage is not what it once was in the mighty Labor Party. The prime minister chose to travel to Canada during the wages uproar. And while the cat was abroad, the minister-muses each danced on their own stages.

Thus far Gro Harlem Brundtland has neither the power to show that she is the country's leader nor shown clearly where a unified government is going.

Is the Conservative Party Learning?

The chasm between strained expectations and the results which now glow in their absence can lead to nothing other than a loss of confidence among voters. Or, in other terms: The voter landslide is due more to what was said when Labor was opposing than to what is being done now that it is in position.

Against this background, then, it is exciting to see what lessons the Conservative Party will draw from the competition's misfortune. At this moment Rolf Presthus is bearing down hard on the Labor government. The danger of going overboard is obvious, and it may prove wiser to ensure a record high support rating by having a more conciliatory tone and demonstrating a willingness to cooperate in solving the country's evident economic difficulties. Last year's parliamentary election in Sweden sent the message that voters do not reward making crises with words.

Two-Party Clash

As in other polls, the figures from Gallup/Norwegian Public Opinion Institute show that the fight over political power has become an exclusive clash between the Conservative and the Labor Parties. We are hardly going in the direction of any two-party system in the forseeable future, but support for the parties in the middle seems to be very stable--almost independent of political events. It is the special interests, legitimate, as far as these go, which keep the Christian People's Party and the Center Party alive. They have significant influence on the political tug of war on Capitol Hill. But the fight over which voters have decisive influence is between the Conservative Party and the Labor Party.

The issue of whether a nonsocialist government will stand or fall hangs on the degree of Conservative success, not on middle parties' swings up or down by tenths of percentage points. Only when the booty is distributed will the small parties acquire decisive influence.

Former Center Party Leader Comments

Oslo AFTENPOSTEN in Norwegian 6 Sep 86 p 10

[Interview with Erland Steenberg, former parliamentary leader of the Center Party, by Einar Solvoll; date and place not specified: "Alone With Steenberg: 'Don't Wait To Take On Governing Responsibility'"; first paragraph is introduction]

[Text] "The nonsocialist parties ought not to wait too long to get a new nonsocialist government established. But that presupposes that they have an easy time finding a strong political common basis to bring down the sitting government," says Erland Steenberg, former Center Party parliamentary leader.

"Last spring the Labor Party managed to play the three parties in the government off against one another and for this reason it is necessary to come together and make it clear that they once again have the willingness to govern together," he said.

After a nine-year absence from politics, Erland Steenberg has now set up his own real estate agent's office in Nedre Eiker, his home town. The municipality has 18,000 inhabitants and has the size of a medium-large Norwegian city. Steenberg is the only real estate agent in the town, which is a few miles from Drammen.

"At the end, I had had it almost up to here, but I wasn't bitter for my own sake when I wasn't reelected in 1977. But of course it was hard for my party that we were so weakened," he said.

[Question] How then does Erland Steenberg assess some of today's political issues, what, for instance, does he think about the Progressive Party, seen in relation to a nonsocialist coalition government?

[Answer] I don't dare depend on the Progressive Party. It would be both unrealistic and uncertain to believe that it would be a loyal cooperative partner.

[Question] What of the Center Party's own future?

[Answer] The Center Party has been peeling away in recent years, and there are people who were once very active in environmental issues who have left the party. These matters have since become common property. But I won't pretend to be either a strategist or a prophet on the issue of what has to be done to get these lost voters back.

[Question] Was it hard to hold the Center Party together with so many personal differences?

[Answer] I will not talk about any personal characteristics.

Erland Steenberg entered Parliament in 1965 but was not among the leading politicians during those first years--or during the EC campaign, according to him. But in 1973 he was elected parliamentary leader of the Center Party, which had been on the winning side after the EC referendum.

Difficult

"The 1973 election came in the middle of a very difficult time and called for a certain balancing act," he recalls. "Both parties and members of parliament one had previously collaborated with found themselves in a strained environment. It was difficult to create a good climate for further cooperation.

In such a climate, the first soundings among the nonsocialist parties took place. We had the Alcan case in 1974, but the moment was simply not right for a change. So it was a question of avoiding a government crisis over the case. Besides, the Center Party was for domestic purchase of the stocks, even if we were not satisfied with the economic offer," he said.

Could Have Gone Badly

"We got what we wanted in the EC affair, but it was the fact that the opposition accepted the result of the referendum and the trade agreement which was decisive for the good end to the soundings. Besides, it would have been fatal if we had permanently remained on bad terms with one another," he said.

[Question] Then why did so many people in the Center Party have such major problems about joining in future cooperation with the Conservative Party?

[Answer] Many people had viewed the EC fight as being so basic that many Center Party people found it both hopeless and absurd to cooperate with old, determined EC proponents. But time heals all wounds, and while the fight was a step backwards, Center Party people could also look for closer government cooperation.

[Question] What do you think about the efforts of your successor, Johan J. Jakobsen?

[Answer] I have great respect for him, and can safely say that I feel we share the same philosophy concerning ways of furthering both Center Party issues and cooperation. It's a fairly natural continuation of the position I had.

[Question] What is your opinion of the Conservative Party's Rolf Presthus, who is probably going to be the next prime minister?

[Answer] For my part, I have great respect for him. We worked closely together for several years in the finance committee of Parliament. But just three or four years ago, I didn't imagine him as a candidate for the prime ministership. I remember him as "the slugger" in the opposition and didn't see him as a stylish party leader wigh weight or as any sort of father of his country. But in his time as a cabinet minister, Rolf Presthus has shown quite another side of himself.

Worthy of Admiration

"He has tackled the situation in an admirable way. Despite his exposed position as finance minister, he has emerged and won confidence not only within his own party and in the nonsocialist camp, but even deep within the Labor Party. I think that if he becomes prime minister, he will have good opportunities to become a good leader, a bridge-builder between parties."

[Question] Do you miss politics?

[Answer] When I left in 1977, for a while I thought it would be hard, but today I can tell you honestly that I have not missed parliamentary work. Quite the contrary, it felt like a liberation to escape far from those unusually difficult years I lived through. But of course it's not possible to tear yourself away completely. I follow events in the newspapers.

Erland Steenberg ran a business before he entered Parliament. His son took it over. Today they share an office in a remodeled building in downtown Krogstadelva. After being the director of the Norwegian Real Estate Agents Association for eight years, Erland Steenberg is now 67 years old. But he is earning a living as an agent and not living the life of a retiree.

"The nonsocialists shouldn't wait too long," Erland Steenberg stated. The Norwegian Real Estate Agents Association has honored him for his service to the world of agents. He was also an agent when he was the Center Party's parliamentary leader.

Newspaper Comments on Poll

Oslo AFTENPOSTEN in Norwegian 6 Sep 86 p 2

[Editorial: "Upheaval"]

[Text] It is possible to establish a long-term and a short-term perspective on today's astonishing opinion poll, which shows that the Conservative Party is now in a dead heat with the Labor Party, and bigger if one looks at the people who actually responded. The long-term view is that the distance between the two has shrunk greatly. Twenty years ago the situation was approximately 45-20 in the Labor Party's favor, ten years ago it was 40-25. Today they stand at 35-35.

The short-term perspective is what has occurred in recent months, and in this regard the Gallup/Norwegian Public Opinion Institute figures cast a judgment over the Harlem Brundtland government. The poll tells of an unparalleled voter flight, since April one-fifth of its voters have left the Labor Party.

Such studies are history the moment they are published. For this reason we do not know for certain what we are really looking at; a radical change which took place or one which is going on. Even if the party should hope that the worst was over, what has already happened must seem like something akin to a catastrophe. Last spring's gain has blown away, an election now would give a clear majority to the three nonsocialist cooperating parties.

In politics another's fiasco is your success, and displeasure with the way the socialist government has been running things has naturally contributed greatly to the nonsocialist advance. But when the whole shift takes place to the benefit of one single party, the Conservative Party, the explanation must in large measure be found in the party itself.

The Conservative Party has the power--in practical political terms--to unite the call for freedom with social responsibility, political maneuvering skill with an understanding of the limits of politics, moderation with steadfastness of principle, independence with the ability to work with others. At the same time the party is supplied with good leaders, first among which stands Kare Willoch as the unchallenged unique man in Norwegian politics.

In addition to its insight and determination, the Conservative Party has also possessed patience. It has abstained from momentary popularity and thereby won respect. Advances are now being made from all quarters: 10 percent of Center Party voters, 5 percent of the Christian People's Party's, 3 percent of the Labor Party's, 18 percent of the Progressive Party's. Plus remarkable stability in its own ranks.

The sudden collapse of the Labor Party is entirely self-inflicted. It set up a government crisis without having the basis for the creation of a stable government by itself. It let inflation shoot up. It handled history's most expensive wage settlement with unsurpassed incompetence. And, more than anything else, this became the government of broken electoral promises. So the party has not landed in a crisis of popularity but in a crisis of reliability. One question is what effects this will have on Gro Harlem Brundtland herself. It was under her leadership--or worse; under her lack of leadership--that the party landed in the situation in which it now finds itself.

On the opposite side, the Conservative Party's advance will give the party increased weight but also limit its bargaining freedom. Voters who are lining up behind the party expect that it will bargain. They want to have a new government, led by the Conservative Party.

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CAVACO SILVA, FREITAS DO AMARAL AGREE ON NONPARTISANSHIP

Lisbon TEMPO in Portuguese 22 Aug 86 p 12

[First paragraph is TEMPO introduction]

[Text] In exchange for the support he received from the PSD [Social Democratic Party] in his race for the presidency of the republic, Freitas do Amaral promised Cavaco Silva not to become involved in any partisan activity for 5 years. But under the terms of the agreement, which secured personal involvement in the election campaign by the prime minister himself, the former presidential candidate can return to the partisan fray before then if he joins the PSD.

Before the last presidential election, Freitas do Amaral and Cavaco Silva made an agreement to the effect that the former could not involve himself in partisan activities for 5 years unless he decided to join the PSD. According to information confirmed in CDS [Social Democratic Center Party] and Social Democratic circles, it was after the signing of that agreement that Cavaco Silva instructed his party structures to involve themselves in Freitas do Amaral's campaign and that the prime minister himself decided to appear at Freitas do Amaral's campaign rallies. The former chairman and founder of the CDS informed the PSD's leader that his political thinking had undergone a change and that he saw no disadvantage in someday joining the PSD.

After losing the election by a minute margin, Freitas do Amaral kept his agreement with Cavaco Silva, who because of that did not block the appearance of the 21st Century Foundation, in which some members of Cavaco Silva's government and PSD leaders are active. Since Freitas do Amaral is under obligation not to engage in partisan activities for 5 years, the 21st Century Foundation will restrict itself to cultural initiatives, although sometimes in the political area. Through the foundation, Freitas do Amaral wants to keep his name linked to political life. The 21st Century Foundation will be very active beginning as early as this October. To that end, it will receive valuable help not only from the Heritage Foundation in the United States, which is connected with Republican and conservative circles in that country, but also from the Konrad Adenauer Foundation in the FRG. That powerful Christian Democratic foundation has realigned its activities in Portugal and decided to support only the IDL (Adalino Amaro da Costa Democracy and Freedom

Institute), which is an autonomous CDS institution headed by Eugenio Anacoreta Correia. The IDL and the Konrad Adenauer Foundation will participate from time to time in politicocultural activities by the 21st Century Foundation. Meanwhile, Freitas do Amaral is directing his efforts toward putting leaders he trusts at the head of the CDS. That will happen at the next congress, where Adriano Moreira will again be opposed by members of the party's modern wing, particularly Morais Leitao and other important figures who have now joined the 21st Century Foundation along with Freitas do Amaral.

Like other outstanding political figures on the Portuguese Right, Freitas do Amaral feels that it will not be possible to govern Portugal without a majority in Parliament, since there is no party capable of clearing the 40-percent hurdle. Freitas do Amaral feels that the CDS, currently regarded as a party with 5 percent in general terms, may reach 10 percent if its leaders are replaced. If the PSD then achieves 39 percent in upcoming elections and the CDS wins 10 percent, there will be a parliamentary majority of 49 percent. That is the appropriate path in the Portuguese situation--in the view of the conservatives--since a leftist majority consisting of the PS [Socialist Party] and the PCP is not possible.

It remains to resolve the question of the PRD [Democratic Renewal Party], but all observers agree that in upcoming elections, the PRD will not get more than 5 or 6 percent of the vote even with Ramalho Eanes at its head. If there are legislative elections in the near future, Freitas do Amaral will participate actively alongside Cavaco Silva while also preparing to enter the presidential race in 1991.

It can be said that for the next 5 years, Freitas do Amaral will pursue a personal policy aimed at staying at Cavaco Silva's side and at respecting the agreement reached by the two men. Both politicians are preparing to be dominant figures in Portuguese life in the next decade.

11798
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PROFILE OF NEW CGTP-IN UNION LEADER PROVIDED

Lisbon O JORNAL in Portuguese 22 Aug 86 p 12

[Article by Jose Pedro Castanheira; first paragraph is O JORNAL introduction]

[Excerpts] Manuel Carvalho da Silva is the new strong man in the CGTP-IN [General Federation of Portuguese Workers-National Intersindical]. Practically unknown to the public and in political circles, he is replacing Armando Teixeira da Silva in what is considered a natural succession, since he has been the top man in charge of the central union's apparatus for the past 9 years. Raised as a Catholic, awakened to trade unionism only after 25 April 1974, and a member of the PCP, Carvalho da Silva will be the chief protagonist in a new phase in the life of the CGTP. His roots in Minho are obvious in his taste for work, his homesickness for his family, and the cabbage he grows in the back yard of the house he lives in.

For the next few (many?) years, Carvalho da Silva will be the public image of the CGTP, where he is replacing another da Silva (Armando Teixeira) who has been secretary-coordinator since 1977. The two da Silvas have been friends for a long time (such good friends, in fact, that they shared a house on the outskirts of Lisbon for years), both were born and raised in the North, and both are members of the Communist Party. There is, however, an important difference between the two: whereas Armando found himself promoted to coordinator overnight, Manuel has 9.5 consecutive years of work in the central union's organization department behind him.

From Minho and Raised a Catholic

A native of the village of Viatodos (in the municipality of Barcelos), where he was born in 1948, Manuel Carvalho da Silva is the son of small farmers in a region that has been accustomed to toil for as long as anyone can remember. Green wine, potatoes, beans, and corn hold no secrets for him or for his five brothers, who have not followed the example of the eldest son, who "turned" trade unionist and therefore came to live in Lisbon.

After being trained as an installing electrician at the industrial school in Braga, he started working at the age of 17 in a shop that repaired household electrical appliances. His first monthly wage was 750 escudos. He went on to work at other jobs until, in 1973, he "stabilized" at the Portuguese Electrical Engineering Company (PREH) in Trofa, which is owned by a West German group and assembles components for the electronics industry. He has been a member of the Workers Committee since it was established and participates in its meetings with some regularity.

Raised as a Catholic, he was a member of the JAC [Catholic Agrarian Youth] and the JOC [Catholic Labor Youth], "but I never participated very actively." He was married in 1972 and has two children, both boys and both baptized. His "companion," as he likes to call his wife, is also from Minho and has also been a union leader in the past. She currently works for the municipal government of Seixal, the municipality where they have lived for almost 3 years in a house rented from the Housing Promotion Fund. Behind their house is a tiny vegetable garden.

Military service was an important period in his personal growth. As a militia quartermaster in the Signal Corps, he was in Angola (Cabinda) in 1970 and 1971. His military service was relatively calm: "I took advantage of it to reflect on many things. It was a time of training, watchfulness, and sociability."

Joining the PCP

Involvement in politics did not come until after 25 April 1974. Invited to join the PPD [Popular Democratic Party] and the PS [Socialist Party], he chose the PCP instead--"I don't remember exactly when." We asked him if he considered himself a Marxist. "I don't worry much about definitions because what matters is what people do: their day-to-day life. I follow a Marxist-Leninist line of reasoning, but I don't renounce my Catholic upbringing, since I don't regard it as a negative factor."

As a rank-and-file member of the party, he belonged to the Municipal Assembly in Braga (then presided over by Salgado Zenha), to which he was elected on an APU [United People's Alliance] ticket. Explaining the reasons why he joined the CP, he alludes to a "space for work" and the need for "collective intervention." He emphasizes: "But I was a trade unionist before becoming a Communist militant!"

His commitment to union activity also dates from the period after 25 April. In his workplace, his colleagues elected him union representative and member of the Workers Committee. In June 1975, he was elected to the secretariat of the Porto Union Federation along with Joao Pacheco Goncalves (currently coordinator of that body), Vitor Ranita, Sequeira Nunes, and Armando Teixeira da Silva, with whom he struck up an acquaintance.

Teixeira da Silva's "Right-Hand Man"

In the Porto Electricians Union, except for a few months in 1976--during which he was a member of an executive committee that replaced a slate supported by the PS and the MRPP [Movement for the Reorganization of the Proletariat Party]--he held no executive posts.

In the final months of 1976, he was fully involved in preparations for the second congress, which marked the central union's adaptation to the constitutional regime. He participated in a few meetings with "Open Letter." Elected to the CGTP Secretariat, he has been an official in the central union since 31 January 1977.

Regarded at the time as coordinator Armando Teixeira da Silva's "right-hand man," he immediately took over the critical organization department, still strongly marked by the features that had been dominant during the 1975 era. He remained there until the congress of 1980 [as published], having been the only leader to remain constantly in charge of the same department for 9 years.

"CGTP not in Crisis"

As the man in charge of organization for almost 10 years, he knows the CGTP like the back of his hand and is aware of its problems as few others are. Perhaps for that very reason, he--along with Jose Luis Judas--is one of the pillars behind the turn taken by the central union at its congress last May. "The congress was not the result of half a dozen days of work," he observes, citing as an example the organization conference in November 1985, "where many things had already been decided in outline."

He challenges the idea that the congress marked a turn to the right, just as he also refutes the charge that the CGTP is experiencing a crisis.

Likes To Cook

"I am very fond of work." That permanent state of mind, combined with his absorption in the central union's activities, leaves Carvalho da Silva with very little free time. Whenever he can, he jumps into his Corsa and drives to the North to visit his brothers and sisters and their spouses. "We are a very close family." He has a house in Braga, but his preference is for Vilarinho das Furnas. In the summer, he goes to Sesimbra to swim and catch some sun. He jogs regularly: twice a week and about 10 kilometers, but not in competition: "That would be contrary to my reasons for running."

Perhaps his favorite hobby is cooking.

"I am a homegrown leader," he says with a touch of pride. What he means by that is that he has never taken a training course in the East. For that matter, he has not done much traveling. He visited the USSR only on his way to the PRC in April 1985. He has been on a working visit to the GDR and Hungary. The foreign central union that impressed him most favorably was the one in Cuba. When we asked him which model of society impresses him most, he answered with an unaffected smile:

"I am very fond of living in Portugal, of our people, and of this land. And I know that the conditions exist for building a constructive society here."

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MDP LEAVES ALLIANCE WITH PCP

Lisbon SEMANARIO in Portuguese 2 Aug 86 p 9

[Article by Lilia Marcos]

[Text] The United People's Alliance seems to have its days counted. Around October, it will be put to the test. The PDP/CDE is invoking "incompatibility of style," "differing biorhythm" and "a change in events." It recognizes that "alliances are made and annulled."

Desire aside, multiple factors and the play of forces decide history and help create reality.

As a result, alliances are made. "They are important at a given time." Why? "The PS has been so unstable that there was a need to create a very strong barrier to fascism."

There are (still) very many people who attribute to politics the mission of proclaiming the truth. It is difficult because truth is always changing. It is biodegradable. But there are those who do it. "APU met its goal. It served one political reality. There are few alliances that can boast of 7 years existence. The only thing is that truth, in politics as in life, is very important," a leader of the MDP told us.

The process was started 4 years ago but the justification for the alliance as well as for its demise go back much farther. "Prior to 25 April the standard measure was that one was either for or against the communists. In the manichaean game, it was easy for people to shield themselves in these two slots without defining their positions otherwise. Now (as a matter of fact it has always been), the MDP/CDE is out of this game. It is neither for or against the PCP."

Alliances are broken because the partners involved do not have permanent extraordinary insight or separate ideas. All are subject to error and judgments.

The allies' differing characteristics come to the surface. "The PCP is always combative and weighty while the MDP is pedagogical and not on a crusade. Their timings are not synchronized. It is a matter of incompatible styles and different biorhythms."

Both parties agree on the larger questions and the long term objectives. There are differences in motivation at this time.

The MDP/CDE leadership, which has no power of decision because there is no tradition of top leadership, confesses its sin: "the consequences of the APU alliance were badly evaluated."

In addition to the "different characteristics," they add that the MDP "is not a democratic party in the formal sense that it is a grassroots party whose work has not been overshadowed by the "inflation of successive elections."

To assess questions of error and truth, not only in this or that tactical phase but in setting strategy and providing direction, is not an intellectual amusement. It is a key problem. This is so even if we acknowledge that "more than 60 percent of the technical cadres in the MDP/CDS organization are teachers."

And now what? They assure us that the MDP/CDE does not function like the majority of parties which have the "formation of a government" as a goal. For this reason "the MDP is not a place for individual games."

As a result, no one at the party's headquarters is making any guesses about the future. It is known that the 15 motions that have already been brought to the headquarters to be presented at the national meeting scheduled for the end of October underscore "the difficulties in the APU."

There are those who venture a prediction: "If we continue in this direction, there will be no APU in the next elections."

Break up? Why? "It is important for the MDP to go into the elections by itself. It needs to find out what it is without being subjected to distorting stereotypes. What it wants is to reflect deeply."

Other alliances? "An alliance can only be justified to safeguard democracy."

To paraphrase Vinicius de Morais: (alliances, loves, and truths) "are eternal while they last."

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MEMBERSHIP IN 21ST CENTURY FOUNDATION BELIES NONPOLITICAL CLAIMS

Lisbon TEMPO in Portuguese 1 Aug 86 p 6

[Article by Joan Rosa]

[Excerpt] Eleven leading members of the PSD formally and publicly assumed administrative positions in the Twenty First Century Foundation. In so doing, they put an end to much speculation and rumor to the contrary. As a result, they have engaged the image of Cavaco Silva's party (whether they want to or not) among the ranks of Freitas do Amaral's presidential election organization right from the start.

Those who assumed these positions are: Jose Miguel Judice, Marcelo Rebelo de Sousa, Alvaro Barreto, Margarida Borges de Carvalho, Manuela Aguiar, Oliveira Martins, Antonio Maria Pereira, Vaz Portugal, Carlos Macedo, Jose Augusto Seabra and Rui Almeida Mendes. They are all distinguished social ministers. This undoubtedly proves that Cavaco Silva did not want to initially oppose the engagement of his party's image. Since it is not in the least bit credible that if he opposed this, these people (in such large numbers) would contradict him and go along with becoming part of the foundation's leadership.

It is evident that the foundation is aimed at bringing together, under the guise of declared cultural goals, those who continue to believe in Freitas do Amaral's (who never distinguished himself in culture) candidacy in 1990.

This does not mean that the PSD or even these PSD members is pledged to giving its support to Freitas do Amaral's inevitable candidacy, at least not in the first round when it will almost certainly have its own candidate. What it does mean (and this is the point) is that Cavaco Silva continues to indicate by his strategy that he wants to straddle the vast socio-political spectrum that voted for Freitas do Amaral 6 months ago. This is the same electorate that, as a matter of fact, is now led by Cavaco Silva. This electorate will certainly be generally loyal to the PSD in the next legislative elections (early or regular) which will be held before 1990.

Meanwhile, there is internal opposition to PSD militant engagement in the Twenty First Century Foundation. This opposition argues that the party has under its wings organizations with similar goals to this one (specifically the Oliveira Martins Foundation and the Social Progress and Democracy Institute) making it incomprehensible for PSD members to join Freitas do Amaral's foundation.

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PCP REPORTEDLY SATISFIED WITH POLITICAL ACHIEVEMENTS

Lisbon DIARIO DE NOTICIAS in Portuguese 12 Aug 86 pp 2-3

[Commentary by Oscar Mascarenhas]

[Text] If any Portuguese political party deserved the summer break, it was the PCP. It is a well deserved rest. The past political year has put the party through difficult tests and it passed them remarkably well. It is a vacation of refreshing tranquility. The coming year augers well for the PCP. It has no pressing need to rack its brains with future scenarios of political organization. Given the restlessness or impatience of other groups, the PCP can very well afford to do this. It will restrain itself and reap what it has sown, or helped to sow, and it will not forget to sow new seeds, as chance permits, in order not to lose the habit.

The fact that the PCP is preparing a national conference on the emancipation of women for 22 November is an indicator of tranquility in partisan politics to which the media has not attributed much meaning. Now! It will be said that the media has every reason not to give much importance to such an initiative because it will not change the party's direction nor will a destabilizing mass movement emerge from it. Since none of this will happen, it is not news. On the contrary, the party's interest in this type of activity (one which had been postponed for the past 2 years because electoral or other types of battles intervened) could indicate one of two things: the PCP sees its maneuvering room limited to an essentially cultural and political innocuous activity (a theory that is so far from reality, as we shall see later, that it would not be worth analyzing); or that Alvaro Cunhal's party will have time to make its cultural demands because it expects there will be a less encumbered calendar.

A planned meeting of cadres to discuss media questions could be another indicator. This meeting does not yet have a fixed date. Here, however, the same argument should be made but in reverse. The topic has enough validity to be included in the order of the day but the PCP is in no hurry to schedule it. As a PCP leader told DIARIO DE NOTICIAS, since the party functions very effectively and is capable of responding rapidly to immediate demands, it is awaiting an opportune moment to begin discussions among its cadres. It is not a party to hurry. There is much to see in the meantime.

Six Victories...

In an Alvaro Cunhal speech at the Sun Festival held at Vila Nova de Gaia, the central committee methodically and systematically took stock of the political year. It listed six big strategic defeats (which is the same as saying six victories for the PCP) for the Cavaco Silva government:

- the breakup of the alliance and coalition with the PS, for the moment a temporary situation which democratic opinion may make definite;

- a majority AD coalition composed of the PSD and the CDS did not reemerge;

- Freitas do Amaral was defeated in the presidential elections (no reference was made of Mario Soares' victory; quite a few communists acquiesced and merely said that he came next to last in the second round...);

- parliament rejected a number of unconstitutional and anti-democratic legislative packages (agriculture, labor, etc.);

- creeping executive domination of all political power (through the subordination of all branches of government to the executive) was stopped;

- the "social pact" and "social peace" were not achieved despite the government's claim to the contrary.

At least the first five points, expressed one way or another, seem unquestionable. However, there are those who may question the point concerning the social pact, especially if great importance is given to the management/UGT agreement drawn up under government auspices that establishes a wage ceiling for the next negotiating round. Since the CGTP did not sign it, it is legitimate for the PCP to dispute its effectiveness.

... and a Few More

We would add four more points in favor of the PCP from our look back at the political year:

- the PCP's ability to translate a decrease in the number of votes on 6 October into parliamentary power;

- its spectacular ability to give a decisive push to the presidential elections without suffering any internal breaks while maintaining perfect balance between what the party decided and the electorate did;

- it reestablished contacts with the PS after 7 years of bad relations and it kept the CGTP on a short leash; it opened what it thought should be opened but never because it was forced or pressured by competitors or adversaries to do so, which in the final analysis means it opened very little.

Let us begin with the legislative elections in which the PCP/APU was electorally punished with a decrease in votes that presumably went to the PRD. In no way did it suffer the losses that the PS suffered. However, the setback took the sparkle out of the election propaganda, which always has an epic triumphant tone or at least an optimistic tone.

The national salvation government the PCP was calling for did not emerge from the elections. In its place emerged the Cavaco government. To the PCP this was exactly the opposite of what it wanted. What emerged was a minority government with political goals that are very far from what the communists would like. Furthermore, the parliamentary group led by Carlos Brito diminished in size.

Were there only defeats, then? The PCP did not see it this way. While other parties licked their wounds (some in self pity) or contemplated the meager results they obtained and made traditional promises not to systematically oppose the government but to become a constructive opposition, behave in a civilized manner, and allow the government to govern, the PCP raised its voice and set its course. It said that the elections had transferred real power from the government to the Assembly of the Republic. And it was done. Any doubts? If you have none, please mark one point in favor of the PCP.

The presidential elections came along; new anguish for the PCP. It seemed completely disoriented. The militants were pushing for Pintasilgo while the leadership were lukewarm to her. She represented a shot in the dark and this is not included in the party's canons. Zenha appeared on the scene and immediately there was light at party headquarters. Let it be Zenha said the national conference unanimously at its meeting in Sacavem. Pintasilgo was left with her days (and especially her votes) numbered. But it was not too late. Neither Pintasilgo nor Zenha, who practically occupied the same political space, could stop Soares from slipping to the front in the second round.

Who Thanks Who

Who then! Freitas do Amaral's (the conservative candidate) Siamese twin, as Aboim Ingles called him. The extraordinary congress was called under a storm of speculation concerning internal divisions, the impossibility to reach a consensus and the choice of a call for voter abstention. There were 944 people present at this meeting and only 2 did not support the central committee's recommendation. The real test, at the voting box, was missing. Once that was done, the PCP left the political world amazed. The party with glass walls, as Cunhal called it, was able to have its electorate represented (when the votes were counted) pretty much the same way as the historical vote at the extraordinary congress. Soares, a name that is banned in the PCP, won. His name continues to be banned at least until the communists have a change of heart and forget. Since the election, no word is spoken about Soares. The office of the president is treated with cordial distance while emphasis is placed on the Assembly of the Republic. Neither praise nor criticism is leveled at Soares. He is not even questioned on his promise to anticipate political crises and prevent them from exploding... The PCP more than demonstrated in the presidential elections its unprecedented ability to chose between Siamese twins. It proved that it is in politics with the same pragmatism as the professionals and someone should thank it for showing it.

If it was difficult for the PCP to swallow Soares' electoral victory, it found the compensation refreshing to the soul. The departure of the PS' traditional leader coincided with the restart of talks between the two parties. We cannot stop the communists from saying, see? He had to leave before talks between the PCP and the PS could take place!

The PCP's new perspective on its position was so good that it allowed itself the luxury of forgetting other old feuds with what it had until then called small leftist groups. Here then is the PCP and the UDP or the PCP and the PSR sitting around the same table talking. Here also, it was necessary for the UDP to leave and the PSR to have never entered parliament for the discussions to be held...

In all these situations, the communist leaders did not have to feel uncomfortable when they sat at the table. They were not forced to do what they were doing nor had conditions been put on them.

Lastly at a different level, there is the talked about case of the CGTP opening up. The illusion did not last long. The most recent documents clearly show that the majority tendency in the INTER stopped the adventurous step of recognition of the rights of tendencies. We acknowledge, as a working hypothesis, that the CGTP's assumption of a tough position in the middle of the road may be connected with the announced goal of the Vitor Constancio wing of the PS to gain control of the entire Left in an effort to divide the political spectrum in two. This would make the PSD the other contracting party in this new Tordesillas. The PCP may have wanted to show that no one is about to displace it from the positions it holds and reduce its importance. Naturally, an official party source denied any connection between events in the Intersindical and the policies from party headquarters.

Counter-Cosmetics

Now, what must the PCP do next year? In no way does it have to draw a systematic tactic to achieve the results it wants: replace the Cavaco Silva government. If this desired goal is not within reach, it will content itself with what has been happening until now. It will put obstacles in front of the executive branch in the Assembly of the Republic.

Along the way, it will test the veracity of its views on social issues. The communists do not believe that the life of Portuguese workers has improved during this administration. In its view, there has been a cosmetic operation made at two levels: (1) critical situations have been camouflaged by government propaganda; the PCP's figures do not indicate a decrease in unemployment or in wages in arrears (except among those who do not have wages in arrears because they were dismissed), that there has been an increase in investment, or that the EEC has brought anything other than pain that will only worsen, etc., and (2) in the communists view, this government is still benefiting from a favorable comparative effect that is based on comparisons with the central bloc government.

Whether or not the PCP's analysis corresponds with reality can be debated. It will certainly contribute toward making the crisis more vivid. It will leave the challenge of presenting the situation in a different light to the government (if it is possible to do) or it will change the painting profoundly before it peels.

Without Nostalgia

The specter of new elections does not emerge in the foreseeable future. We would add that it is precisely because Cavaco and the PSD want new elections and the decision rests with Soares that there will be none. As a result, the area where the PCP has most difficulty is far removed. Because the PCP is a very orderly party and it is comfortable in orderly confrontations where it knows exactly the opposition's position and strengths. The uncertainty of undecided voters or of those who do not completely identify with the present party makeup (this category represents a rather significant number of people) is an unknown that throws off the estimates. There is no taste in the PCP for going through another experience like the presidential elections, even though (or perhaps especially because) the results have been encouraging.

The PCP is not interested in an election that will further complicate the parliamentary picture, even if someone tries to entice it with the possibility of those who went over to the PRD returning. What advantage does this have for it, if even with the loss of votes the PCP became more influential in parliament? It is in this context that we can find deep sincerity in the words of a PCP leader: "We have no nostalgia for the time prior to the emergence of the PRD." In its view, some people's idea that for some parliamentary votes, such as the motion of confidence, in which the PS and the PCP vote against the government and the PRD abstains (thus supporting the government) is not valid. They say: if only there were only the PS and the PCP... If there were only the PS and the PCP, the communist leadership believes that the situation would be the same. The PS would then abstain from bringing down the government... The PCP feels better having three parties on the left side of the parliamentary floor managing things because then the bipolarization theory is pushed even further away. All alternative solutions to the present government formula pass through the PCP. It must be heard and with some attention unless a coalition with conservative parties is made (i.e. the PSD). Only a reemergence of a central bloc would make the communists get into a bad frame of mind. But who wants to follow this course? What reason then does the PCP have to be concerned?

The PCP is spending its summer vacation putting on many summer festivals (a Friendship Festival, a Festival of Joy and a Sun Festival) throughout Portugal. The Avante Festival, as a rule, is a final touch in anticipation of the end of vacation and a return to work in September. All indications this year are that it will be essentially a celebration of a difficult but positive year for the party. It will be a jewel. The militants and sympathizers have reason to be satisfied with their party.

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PRD READYING FOR 'SURVIVAL STRUGGLE'

Lisbon DIARIO DE NOTICIAS in Portuguese 13 Aug 86 p 2

[Article by J. Fragoso Mendes]

[Excerpt] The promise in 1985 was that it would be a "new party". As a matter of fact, it was on this basis that it developed its entire campaign of opposition to all the "old" parties. The idea took to a certain extent and the electorate, as if disenchanted with what it saw and felt, grabbed hold of the PRD's message and gave it 18 percent of the vote and 45 seats in the Assembly of the Republic. Now, 10 months later, the PRD is as "old" as the others in its vices, actions (even though it introduced some changes to Portuguese political life, particulatly in parliament), contradictions, and even in its small (and big) internal feuding.

The PRD that Eanes is preparing to lead is in fact one more party in the eyes of the public. It is not the other party, as it widely advertised prior to the legislative elections, and it is not different, as its leaders still insist on calling it. For the majority of Portuguese, the PRD is merely a new party and not a different type of party.

If in October 1985 the democratic renewalists harvested the fruits of the electorate's disillusionment with Socialist Party contradictions, controversial management of the crisis and strategic errors, they may now see a substantial part of the votes they won slip away and they will not be able to do anything to avoid it. This means that, if the PRD seemed to be a life preserver to many people about 1 year ago and they voted for it in numbers that not even the most optimistic would dare project, the indications (polls, local election results and especially the presidential election) now indicate a flow of votes in the other direction. The PRD will, as a result, be reduced to what many consider to be its ranking; about 10 percent of the vote.

Organize First and Grow Later

The national leadership and Eanes himself seem to be aware of this. They are betting on increasing the party's vote gathering power in the medium term, after they establish an effective internal organization. In reality, the PRD grew too much for the organization (or the lack thereof) it had. In the event of a new election, keeping foremost in our minds the socialist recovery, the possibility that the party will shrink is acknowledged. It may even get fewer votes than the figures revealed in current polls indicate.

The leadership is well aware of this. Meanwhile, it is believed that Eanes' presence as the acknowledged leader may help assure that the fall will not be quick and irrecoverable. Later, in the medium term, the optimists are betting on returning to the level the PRD now enjoys in the Assembly of the Republic.

It is noteworthy that internally the situation is harmonious. Groups and tendencies confront one another at times more visibly than others. It is acknowledged that this is due to the way the party is managed and the mixture of interests, ideological (or in some cases, the lack of it) groups that led to its formation. Ramalho Eanes has some very touchy problems.

Either he lays down the law and puts the house in order, which is what Herminio Martinho has been trying to do for a few months, or he conforms to the situation because of a lack of cadres and the need to stave off more resignations from the party, especially outside the larger cities.

We should not lose sight of the fact that if at the PRD's birth there were many well intentioned people, there were also some career people and the politically unemployed. Like it or not the party's current leader, Herminio Martinho, is among these.

It is also good to remember that the PRD did not emerge from the "spirit" of the former CNARPE but from its organization. This makes some difference.

Because it emerged from the CNARPE organization, the party had to first deal with the lack of cadres and later it had to especially deal with a large number of small "parties" and small and big interests that pulled it to the left at one point and to the right at another entangling it in a web of compromises and complicities that are now becoming almost explosive.

The solution (or internal pacification) is naturally Ramalho Eanes. It is not known whether or not his assumption of office after October will be in time to dampen an otherwise heated situation.

Strategy More Than Leadership is Important

Now, it is action much more than leadership that concerns PRD officials. The Porto convention will in effect be more important in terms of establishing a clear strategy than because it marks Eanes' formal membership in the party.

In reality, the renewalists face two fundamental questions. The first is to overcome the bipolarization that, in essence, is occurring on the Portuguese political horizon with the PSD on one side and the PS on the other. The second question, which is closely associated with the first, has to do with the more immediate problem of avoiding early elections at all costs.

As for the bipolarization question, which logically implies a reduction in the number of votes the PRD may get, one of two things can happen: either it is "peacefully" accepted, as some sections of the party argue (once consumed and digested the party could reap the dividends it could earn by simply being stuck between two larger Portuguese political forces; or the PRD will try not to lose ground (the idea that Eanes apparently subscribes to because he has already publicly spoken out against bipolarization) or lose little ground so that it can speak with the PSD and the PS as an equal.

Timing is essential here. A crisis leading to early elections would not really play in Eanes' favor. He must first clean house and size up Cavaco Silva and Vitor Constancio before elections are held.

For the bipolarization question not to become reality, it is in the PRD's interest to avoid elections. This is the reason that Herminio Martinho declared in an energetic response to the PSD and Cavaco Silva, "defense of the necessary political stability and the fact that Portugal cannot be constantly holding elections argues in favor of other solutions that the present parliamentary makeup clearly permits."

Martinho's statement contained a clear message of a closer association with the PS (difficult under all situations and apparently of interest to the socialists) and it served as a warning to the governing party as well as an obvious demonstration of the renewalists' lack of interest in new elections.

Struggle for Survival Until the End of the Year

The party's fundamental goal from now until the end of the year, as several PRD leaders underscored to DIARIO DE NOTICIAS, is to struggle to survive.

There were even those who admitted that it would be better to have elections now and from the resulting loss in the number of votes, it would be possible to organize, establish solid bases, purge the PRD of some "foreign bodies" that are benefiting from its organizational difficulties, and really go ahead and establish a clear strategic direction.

In essence, Eanes needs an organized party. We are told that his goal is not to return to Belem (the possibility of a candidacy in 1990/91 is put forth as being very remote). They assure us that his goal is to lead the government of the Republic. The Italian example of party fragmentation and the power that the small parties have as a result is indicated among many renewalist circles as a supposition and a possible solution for Portugal.

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POLITICAL PORTUGAL

DEFENSE MINISTER'S ROLE PRAISED DESPITE DIFFICULTIES

Lisbon TEMPO in Portuguese 1 Aug 86 p 11

[Article by Ribeiro Ferreira]

[Text] Minister of Defense Leonardo Ribeiro de Almeida may shortly ask the Superior National Defense Council to draw up a public version of the strategic military principles. The defense minister made this promise at a breakfast meeting with journalists organized by the Meridien Hotel. The dominant subject of the meeting was the recent armed forces' equipment purchases that parliament approved.

Portugal must be the only country where strategic military principles outlining external threats to national security are considered entirely secret. Current practice, even in NATO countries, is to have two versions: a secret version and an unclassified public version of these principles. This is the only way that governments can justify to their people the high defense expenditures and defend having a modern and operational armed forces. In Portugal, on the other hand, we use and abuse secrecy. More often than not it serves to hide insufficiencies and incompetence.

As a matter of fact, regulations on military planning are drawn up based on strategic military principles. These regulations include the programs to upgrade equipment and infrastructures during 5-year periods.

However, until now neither the strategic military principles have been made public nor have military planning regulations been prepared.

Leonardo Ribeiro de Almeida assured us, however, that they will be presented to parliament in October when the 1987 state budget debate takes place.

As a result, the purchase of frigates and airplanes valued at 170 million contos (part of a 5-year plan) without prior parliamentary approval will never happen again. Any purchase of materiel (gifts from friendly countries are excluded) will have to go through the military planning regulations process.

Leonardo Ribeiro de Almeida, an esteemed member of the PSD and the regime that evolved from 25 April 1974, is playing a difficult and thankless role as national defense minister. As the popular saying goes, in a home where there is no bread, everyone squawks without reason. Given his customary good nature, the minister understands the complaints of military chiefs concerning the lack of funds and the attacks some people normally make against the armed forces. Curiously, the PSD is one of the parties that attacks the military the most.

Meanwhile, Ribeiro de Almeida is trying to calm the situation. That is what he tried to do at the breakfast meeting with journalists. The minister knows deep down that it is not easy to head the Defense Ministry and that, despite everything, Cavaco Silva should thank him for accepting the position.

The minister's difficulties in recalling certain matters are well known. At a certain point in Tuesday morning's conversation, the subject of the MEKO class frigates as well as the fact that they had never been tested (it is a completely new project) arose.

Ribeiro de Almeida referred to the tough negotiations the ministry had with the Germans and to the excellent concessions Portugal obtained. However, he forgot to mention that the deal is of extreme interest to the FRG because NATO has practically concluded its plans to acquire frigates for the 1990's. These will be very similar to our new MEKO 200. As a matter of fact, this was the reason that the German shipbuilders changed the initial project specifications and increased the length of the frigates by 7 meters, the width by a few centimeters and the displacement by about 300 tons.

That is, the MEKO 200 class frigates of the Portuguese Navy may be the prototypes of NATO frigates in the 1990's. The MEKO will be 115.9 meters long, 13.8 meters wide, displace 3180 tons. They will have a maximum speed of 31.5 knots, 20 knots cruising speed and a range of 4,000 miles (at 18 knots). Perhaps for the first time in history, Portugal will have three ships that will be examined with a magnifying glass by the greatest world specialists in military hardware. If the frigates pass the test, the German shipbuilders may then make one of the biggest deals of their existence and they will consider the millions of marks spent in the concessions they granted Portugal as a good investment.

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BONN STUDIES VIOLENCE, PLANS RESPONSE

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 30 Jul 86 p 4

[Article by hls: "Bonn Concerned Over Growing Solidarity With Perpetrators of Violence"]

[Text] Bonn, 29 Jul--How to deal with the growing violence in demonstrations, and with its justification - this question, which (in the light of the excesses at Wackersdorf and Brokdorf) concerns others beyond merely those immediately involved, is to be investigated by a working group set up by the federal government under the leadership of the chief of the chancellery, Schaeuble. It includes representatives of the Interior Ministry, the Justice Ministry and the Federal Press Office. The working group was established on 18 June. It submitted its first report to the cabinet in mid-July.

According to the report, a number of acts committed under cover of demonstrators have given evidence of a high degree of criminal drive. Very serious injuries and possibly the death of policemen have been involved. This violence breaks out at every point suitable for it. It was of concern that the hitherto despised perpetrators of violence have, against the background of Chernobyl, now achieved a degree of solidarity with peacefully demonstrating opponents of atomic energy. The number of perpetrators of violence is constantly rising. Presently, two to three thousand of them travel to particular events from the entire Federal Republic. Their operations are being planned on a national level and are under a firm control.

Operations are as simultaneous as possible in order to split up police resources. Disguises and covered license plates afford protection against recognition. To recognize plain-clothes police, they scan strangers for weapons and radios. Their attacks begin upon previously arranged cues. Weaker police units are often brutally attacked, stronger ones are avoided. Children, women and the handicapped often serve as protective shields. After acts of violence, they merge into the crowd, change their clothes, throw their disguises and weapons away, and most recently--in contrast to what has happened at earlier demonstrations--are in fact not being prevented from doing this by otherwise peaceable demonstrators.

Since maintenance of internal peace and public order during demonstrations are in the first instance tasks of the federal states, the Federal Government sees its role as "co-responsibility." It wants to support the states more intensively with the Federal Border Guard, as the federation's police force. This service is therefore to be reinforced by a thousand officers, with a new operational unit in the Frankfurt-Karlsruhe area. Three additional helicopters (Pumas) are to make air transport more mobile. Antiquated water cannons are being replaced by type 9000's. Budgetary resources for 27 units are available through 1990. Negotiations for further budgetary resources will begin in 1988. In the fiscal years 1987-1990, some DM50 million are being provided annually for the procurement of more modern equipment for preservation of evidence and documentation, for care of the injured, for communications and for ABC protection. The Federal Ministry of the Interior is endeavoring to strengthen the "breach of the peace" reporting service. Reporting by the state-security reporting service and the data from the Office for the Protection of the Constitution should be improved quantitatively and qualitatively. The lines of march to demonstrations are to be more closely monitored with the use of these reports, an activity in which, in addition to identity checks, "preventive custody" for the prevention of criminal acts is of significance.

The Federal Government is not content with mere planning for the improvement of police work. It is also trying to take account of psychological effects, and wants to counteract the progressive solidarization of peaceful demonstrators with perpetrators of violence. To this end, seminars are to be arranged at the police leadership academy with operational commanders, police psychologists and police press spokesmen. Officers of the squad for the preservation of evidence and documentation should be trained "professionally," and their equipment should be technically improved. In its publicity efforts, the Federal Press Office is to advocate non-violence and the repudiation of the perpetrators of violence. In line with experience gained in educational efforts on energy conservation, there is hope of success. Included also are the facilitation of talks between police and journalists and intensified communication with "opinion leaders" among the peaceful opponents of atomic energy. The government wants to promote communication with representatives of the churches, of the church associations and of the youth associations. "The great importance of the state monopoly on violence and the dangers in solidarity with perpetrators of violence are to be made known to the public with emphasis. Confidence within the police force and in the police force must be strengthened by making clear that it is not an instrument of state aggression but an instrument for preserving the rule of law that serves the individual."

Since the coalition, primarily CSU and FDP, cannot reach agreement on all the legislative plans, this working group of the Federal Government has merely "extensively and intensively" discussed changes in the weapons laws, the penal code and the code of criminal procedure.

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SOCIAL GREECE

NATIONAL CHARACTER TRAITS SEEN AFFECTING COUNTRY'S FUTURE

Athens TO VIMA in Greek 24 Aug 86 p 15

[Article by Nikos Dimou: "Resistance"]

[Excerpts] The tall, athletic stranger from the next table came discreetly up to me to ask if I spoke his language: "Then," he continued, "would you be kind enough to find out from the gentleman who is serving us, if he understood my order and if yes, why am I waiting three quarters of an hour?"

The expression "the gentleman who is serving" was surely a euphemism. He was rather a hirsute bear in disguise, with a dirty apron tied around his waist. "So what does he want?" was the reply of the bear. "It's not enough that we are running around trying to serve him?"

But the bear was not intimidated. He continued unwaveringly his "resistance" to the foreign conqueror--letting him wait another 15 minutes.

Not that we fared any better. In our case, the "resistance" was against the "clever Athenians." Each dish was won at great cost and with self-service. Until one of us went into the inner recesses and happened to see how the dishes were washed. He returned very pale and ate no more.

Greece is "resisting." Each village is conducting its own proud foreign policy, vis-a-vis the foreigners, the urban Greeks, and even fellow villagers. The weapons are unkindness, dirt, awful food, garbage (mountains at roadsides), dust, noise--what with the discos and the motorbikes--and shameful restrooms.

Terrible weapons, that are able to turn away the most fanatical lovers of the Greek environment! And they do! Only the young with steel intestines and their backpacks are able to withstand Greek behavior. The others are leaving, giving a bad reputation to Greece in every direction.

And we want to develop "high class" tourism!

As in many other things, we are going BACKWARD! Thirty years ago, the Xenia hotels had politeness and were fun. Twenty years ago, one could still find shopkeepers who would water the front of their stores to get rid of the dust, and there were policemen who forbade noise. Ten years ago, one could find something good to eat (we never had "haute cuisine") and clean restrooms.

Now there is unaccountability and chaos. Greece was never so dirty, so disorganized, so little hospitality as this year, when it desperately needs to make a good impression. Comparison with competitive neighboring countries is crushing. People there smile and "give" (before taking...). We swear and only take (but soon nobody will give us any more...).

Who do Greeks believe it is beneath their dignity to serve someone? Why do all Greek waiters have inferiority complexes? Why do Italians, for example, serve with a smile? Are they born servile, while we remember Leonidas with every shish kebab?

Well, all right, let us say we do not want the foreigners. (Should we lose the chauvinism and suspiciousness that the powers-that-be have been teaching us in recent years? We are full of spies!!) All right--"resistance" vis-a-vis the foreigners. How about among us, can we not behave like human beings? What climate of misanthropy and ill behavior reigns supreme in our interrelationships?

I have not enjoyed polite (not servile) behavior in this country for years. So, every time I travel abroad, I am surprised when they greet me in stores, I get suspicious when young women at bank windows smile at me, I am confused when some important personality spends hours dealing with some insignificant problem I bring to him. Of course there are ill-behaved and impolite people, but politeness, dignity, cleanliness and organization are the rule.

Yes, someone will use the classic argument: the foreigners' politeness is false.

We Greeks are sincere and spontaneous.

I am not so sure. Spontaneity is not always a quality. Personally, I prefer politeness (even if false) to spontaneous rudeness.

Moreover, are not our Mediterranean neighbors and competitors spontaneous? Nevertheless, as time goes by, their life is becoming more harmonious, and their countries richer. (The economy's future lies in the third sector--the service sector!) As for us, obstinate, complicated, unsmiling, little given to service, we are constantly "resisting." We are "resisting" our future.

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GROWING CONCERN OVER EXCEEDING CREDIT LIMIT IN USSR TRADE

Paper Urges Government Action

Helsinki HELSINGIN SANOMAT in Finnish 6 Aug 86 p 2

[Editorial: "Few Results From Much Work"]

[Text] Finnish and Soviet trade has exceeded the 2.2-billion markka credit limit. Finland's accounts receivable will be approximately 5 billion markkaa by the end of the year at the present rate of development. In the opinion of Foreign Trade Minister Jermu Laine, the situation must not be allowed to reach this point. He urges that all available means to balance trade be given immediate consideration in order to prevent this. Otherwise, it is possible that next year's exports to the USSR will have to be curtailed by as much as one-third, he predicted.

Without a doubt, there are problems in balancing Finnish and Soviet trade, but the Soviet side has continuously placed emphasis on keeping trade at a high level. Prime Minister Kalevi Sorsa, the chairman of the Finnish side of the joint economic commission, has also warned against overreacting in evaluating trade development. However, one should not be too naive in underestimating the problems and neglecting efforts to increase imports from the USSR to Finland.

The foreign trade minister, in particular, has opportunities to do something other than just present sanctimonious appeals. A general agreement for the years 1987--1990 supplementing the additional import schedule, whose practical application still remains open for the most part, was signed in connection with Soviet Foreign Trade Minister Boris Aristov's visit in June.

In addition, there is no practical evidence of the fact that by its actions the state has improved the balance of trade between Finland and the USSR. Economic cooperation between the two countries and the conditions of trade conducted in both directions are clearly in need of measures to be taken at a high level by the Finnish Government.

The drop in the price of oil, as temporary as it may be, must not result in a situation in which trade and other economic cooperation with the USSR, which have developed on a long-term and stable basis, is depicted in excessively gloomy colors. This could result in the fact that Finnish firms will reduce their efforts to procure cooperative projects that are important to us from across the border. The opportunities to obtain them have not at all diminished. To the contrary, cooperation can be expanded and deepened. Proposals for the establishment of mixed companies, among other things, represent new Soviet initiatives aimed at this.

Finns are excessively inclined to think for the Soviet side also when it is a question of their purchases from here. They will, however, resolve these questions themselves. Finland's balance receivable has been large even before and an interest-bearing account has been used to manage it. This issue and other adjustments to the imbalance in trade can, indeed, be freely discussed with the Soviet side without raising an unnecessary fuss over it here.

Opportunities In Joint Projects

Helsinki HELSINGIN SANOMAT in Finnish 10 Aug 86 p 2

[Editorial: "New Prospects in Trade with East"]

[Text] The present problems in trade between Finland and the USSR result from the fact that the price of crude oil has dropped in accordance with the world markets and our export opportunities are being threatened with a reduction unless additional imports from the USSR can be found in sufficient amounts. As the results of Soviet Foreign Trade Minister Boris Aristov's visit in June demonstrated, considerable efforts have been made this year to correct the situation.

However, additional action is needed. Soviet Ambassador V. M. Sobolev also recently addressed the issue in a speech delivered in Imatra. According to him, the seeking of new forms and areas of cooperation is becoming increasingly important. "In accomplishing this it is also important to increase new partners -- small and medium-size firms, for example. We would be satisfied with a greater activism on the part of Finnish business representatives in this direction," said Sobolev.

The ambassador's declaration of his position does not at all appear to be new, he has many times previously expressed in public the hope of increasing activism from Finnish businessmen. This most recent speech, however, raises an interesting question: what does Sobolev mean by new forms of cooperation which would be favorable for small and medium-size enterprises?

The old and tried forms of trade with the East have been short- and long-term deliveries of goods as well as project transactions. Progress may, perhaps, also be achieved in the area of border trade, which has remained rather small and which, according to Foreign Trade Minister Jermu Laine, is especially suitable for enterprises in small and medium-size industry.

The possible establishment of mixed companies has been in the forefront of the discussions on completely new forms of cooperation even though the implementation of such a system will still require reforms in Soviet legislation and in the currency system. However, it may be that this very question of mixed companies was on Ambassador Sobolev's mind when he referred to new forms of cooperation.

In the Western world there has been great interest in whether capital in the market economy countries will be offered an opportunity to be included in production occurring within the borders of the USSR. The West could offer well-trained personnel, new technology, and a leadership skill in the methods of a market economy. The Soviet Union, for its part, has an abundance of raw materials, energy, and domestic markets capable of consuming many products.

The timeliness of the issue was also confirmed by party leader Mikhail Gorbachev in a speech delivered recently in Vladivostok, in which he said that economic cooperation is a subject of mutual interest for Japan and the Soviet Union. "It is primarily a question of our mutual border areas, in which there are commercial ties with Japanese firms from before already. In the future the question of creating joint companies in the border areas of the Soviet Union and Japan and in areas in their vicinity could be brought up for consideration," said Gorbachev.

It would be very good if Finland were to succeed in leading the way in the area of joint companies since our country is well known as a partner in economic cooperation with the Soviet Union. If progress in this matter is made by experimentation and small starts, the role of initiator would be particularly well suited for our country's small and medium-size industry.

Our small and medium-size industrial enterprises have not to date had the expertise and capacity that is needed in the preparation and management of trade with the East; trade with the East is heavily concentrated in the hands of big industry. The shortage of capital normally suffered by small and medium-size firms would facilitate inclusion in mixed companies in which a firm would not have to invest more than half of the necessary capital.

Finland has accomplished many large-scale projects on Soviet territory. The experiences demonstrate that projects relatively close to the Finnish border do the best. There is reason to emphasize this regional approach if Finnish firms are to become involved in mixed companies operating on Soviet territory. Gorbachev's concept of the location of Soviet-Japanese projects was also exactly the same.

This possible new form of productive activity will also, of course, need good communication links with the outside world: railroads, highways, and ports. From the Finnish point of view the area between Finland's eastern border and the Saima Canal would be especially suitable for joint companies.

The activism of firms in Southeast Finland could be tied in with those objectives which Soviet economic planners have established for themselves. It would be of great benefit for these projects if the movement of people, the transfer of money, and other practical matters in the selected area were subjected to considerably less bureaucratic red tape than at the present time.

When two parties consider mutual cooperation, each party will, naturally, exercise independent discretion. The primary emphasis in initiative, on the other hand, must be placed on the side of the smaller party. It is gratifying that the first concrete idea on a mixed form of corporate activity was presented to the Soviets by the Finns. It is worthwhile for small and medium-size firms, in particular, to actively observe what new opportunities will be opened up by economic reforms in the USSR.

[Caption to map: The area between Finland's Eastern border and the Saima Canal appears to be favorable if mixed Finnish-Soviet companies are to operate on Soviet territory. The ports of Kotka, Hamina, and Viipura are nearby.

Soviet Official Makes Proposals

Helsinki HELSINGIN SANOMAT in Finnish 15 Aug 86 p 33

[Article: "USSR Hoping for More Buyers in Finnish Trade Delegations, Soviet Products Presented at Tampere Trade Fair"]

[Text] Tampere--Finland's prerequisites for increasing imports from the USSR became the central topic of discussion at the Soviet Trade Seminar in Tampere on Thursday.

According to Chairman E. P. Pitovranov of the Soviet Chamber of Commerce and Industry, the present serious imbalance has decisively affected the fact that the Soviet Union decided to deviate from its plans and field an extensive exhibit at the Tampere Trade Fair.

Pitovranov thinks that there are still many unexploited opportunities for balancing trade between the countries. He hoped to see an expansion of regional ties as well as an increase in trade delegations. "There is now reason for Finland to increase the number of buyers along with exporters in its trade delegations," he noted.

"The symposiums between the countries so far have generally been directed at increasing Finnish exports; only a few have given serious consideration to increasing purchases from the Soviet Union."

Pitovranov gave the assurance that all possibilities for correcting the imbalance are being thoroughly examined in the Soviet Union from area to area. "Both countries are of the same opinion that the imbalance will not be corrected by reducing Finland's exports to the Soviet Union," he said.

According to Pitovranov, the regional expansion of border trade is currently being studied in the Soviet Union. As the most tangible means of eliminating Finland's purchasing deficit he listed, among other things, a perceptible increase in imports of machinery and equipment, for example, aircraft equipment, the development of cooperation in production as well as the more active participation of the Soviets in the construction of energy management, industrial, and communication facilities in Finland. Also Finland could use Soviet subcontractors for jobs in third-party countries.

"Consideration could also be given to the construction in the Soviet Union of such plants which would produce products that are in demand in Finland. The resources of the two countries could also be combined in the manufacture of products intended for export," stated Pitovranov.

A Separate Account Possible

Soviet Trade Representative in Finland V. D. Pugin thought that there are also reserves for increasing import trade among the Finnish firms exporting goods to the Soviet Union. "We studied 200 Finnish export firms and confirmed that 160 of them do not import anything from the Soviet Union if energy and oil are not taken into account," said Pugin.

According to Pugin, an attempt will be made to manage the overstepping of the technical credit limit primarily by increasing Finland's imports from the Soviet Union. A balance will not be achieved at least within the current year. For example, only one-fourth of the additional 200-million markka import amount agreed upon for this year has been accomplished so far. To date the Soviet Union has concluded transactions with Finland worth 30 million markkaa at the Tampere Trade Fair.

Pugin considered it possible that the overstepping of the credit limit could be taken care of with a separate account. Negotiations on this will be conducted in September. On the other hand, balancing by means of currencies will not be considered according to Pugin.

Laine Proposed An Industrial Commission

Foreign Trade Minister Jermu Laine proposed at the Soviet Trade Seminar that Finnish industry could establish its own industrial commission for trade with the East in accordance with the example set by West German industry.

Laine reprimanded the Finns for the thinking that trade with the East is like riding on a streetcar: when trade with the West is unfavorable, ride for a couple stops with trade with the East and then jump on the track going West again. Laine also corrected the erroneous concept that the volume of trade and scientific-technical cooperation is somehow more important for the East than the West. "The average share of East-West trade in the overall trade of socialist countries is somewhat larger than that of the market economy countries, but this does not say anything about the benefit which the countries concerned have to gain from this trade," stated Laine. He hoped that along with commercial policy questions new dimensions which the efforts of the socialist countries to modernize their industry and make production more efficient will offer to the West will also be examined at the follow-up meeting of the CSCE to begin in Vienna in November.

Quicker Soviet Decision Making Urged

Helsinki HELSINGIN SANOMAT in Finnish 16 Aug 86 p 27

[Article by Kustaa Hulkko: "Jermu Laine Urges Soviet Contract Decisions"]

[Text] Foreign Trade Minister Jermu Laine is urging the Soviets to make quicker decisions on construction projects being offered by the Finns. Laine spoke on Friday at the cornerstone laying ceremonies of the Kamenogorsk Toilet Paper Plant in the Soviet Union. The plant is located in the center of old Antrea.

Jermu Laine pointed out that several offers submitted to the Soviet Union have already undergone rather lengthy negotiations. He mentioned the Arda Viscose Cellulose Plant, the Yenisei Forest Products Combine, and the Kola Peninsula plan. Laine also hoped that there would be additional work at the Kostamus Mining Concentration Plant project completed last year.

Unnecessary Competition

Laine also brought up the fact that the management of certain export construction firms has criticized the Soviets: that the Soviet Union excessively plays one Finnish contractor against the other in the competitive bidding process.

The Soviet Union, for its part, has referred to the fact that Finnish constructors practice overpricing and cartel type operations.

Laine noted that the 160-million ruble construction project quota agreed upon for 1986 will apparently not be met completely. He said that Finnish contractors have submitted bids valued at three times the amount of the 1.2-billion ruble quota for the duration of the general agreement for 1986-90.

The Finnish and Soviet Economic Commission should increase the consolidation of bids in Laine's opinion.

Soviet Share To Be Increased

"The economic commission should also discuss means by which the Soviet share could be increased in Finnish projects," said Laine.

Nearly 40 joint projects for markets in third-party countries are currently being studied by Finland and the Soviet Union.

Vorontsov and Nigolski Accepted Cornerstone

Deputy Foreign Trade Minister V. I. Vorontsov and First Deputy Minister of the Forest Industry L. G. Nigolski accepted the cornerstone laid for the Kamenogorsk Toilet Paper Plant. The construction association comprised of Keskus-Sato and Rakennus-Penttila will build the plant with an automated product warehouse out of Finnish materials on a turn-key basis.

The value of the contract is approximately 100 million markkaa.

The plant will be right next to Antrea's old sugar plant. Offset-paper is now being manufactured in the facilities of the old sugar plant. Production from the toilet paper plant will be a part of the Svetogorsk Forest Industry Combine.

Work will begin in January 1986 and will be completed in October 1987.

The project will be Sato-Penttila's fourth project in the Soviet Union.

The size of the plant will be 183,000 cubic meters and 20,000 square meters.

Initially, production will amount to 123 million rolls of toilet paper annually.

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SURVEY SHOWS MORE OPTIMISM ON ECONOMY

The Hague ANP NEWS BULLETIN in English 3 Sep 86 p 1

[Text] Rijswijk, September--Dutch views on the economy have undergone a major turnaround since hitting a trough of pessimism in 1980, the government's social and cultural planning agency said in a report today.

In 1980 eighty-eight per cent of the Dutch population foresaw an economic crisis, while this year only 25 per cent thought the economic situation would deteriorate while 75 per cent thought living standards would be maintained, the government advisory body said.

The rise in optimism was coupled with a rise in expectation, the agency said. The number of Dutch people who felt they had a right to at least retain the same spending power rose from 43 to 76 per cent between 1983 and 1986.

The report is the seventh in a series produced every two years on developments in health care, social services, employment, social security, housing, education, leisure, the media, culture and justice.

The agency said the importance the Dutch attach to individual incomes had not fallen since 1975, and that ideas on the need to reduce incomes differentials had become less extreme in this period.

Leisure Time

People now are less critical of the unemployed than five years ago, and the position of the unemployed themselves improved in some respects between 1974 and 1983, the report said.

The jobless had a better standard of housing in 1983, and a higher percentage owned cars, but their chances of taking holidays had fallen.

The net difference in income between the employed and unemployed remained unchanged between 1977 and 1981. The sharp rise in unemployment did mean that larger groups of unemployed people remained out of work for longer periods, and in general had a lower standard of living and worse health than the employed, the report said. The will to work remained high, it added.

Dutch leisure patterns had been barely affected by the recession, but there were some interesting developments in the past ten years, including a more equal distribution of work and leisure activities between men and women, the report said.

The time spent on paid work fell among men and rose among women, while time spent on household duties rose among men and fell among women.

Between 1980 and 1985 the number of windsurfers owned by Dutch people doubled while there was a five-fold increase in video recorders.

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AGRICULTURAL AGREEMENT WITH PRC SIGNED

The Hague ANP NEWS BULLETIN in English 26 Aug 86 p 1

[Text] The Hague, August 25--The Netherlands and China today signed a memorandum of understanding on future cooperation in agriculture and a phytosanitary accord aimed at preventing plant disease in the products they trade, Dutch Agriculture Minister Gerrit Braks said.

Negotiations on a Sino-Dutch veterinary accord for pigs are almost complete, the minister added.

The memorandum was signed for the Netherlands by Braks, and for the People's Republic by his Chinese counterpart He Kang, who arrived in the Netherlands on August 18 for a visit at Braks' invitation.

The phytosanitary accord was signed by both ministers, as well as by Dutch Foreign Minister Hans van den Broek, who also held talks with He Kang during his stay.

Braks, who visited China in 1980, said he had been invited to return in 1987.

He declined to speculate on the amount of trade which might result from the closer agricultural cooperation envisaged, but said China was primarily interested in Dutch animal and vegetable stocks for agricultural development.

The Chinese minister said his country was also interested in equipment to process and preserve agricultural products. He mentioned abbattoir machinery produced by the Stork engineering company and said negotiations were underway with the Anglo-Dutch Unilever concern on margarine production machinery.

The agricultural balance of trade between the two countries is in China's favour, which Braks said presented good opportunities to expand trade. He Kang said China was keen to export tea, cotton, citrus fruits and cattle fodder.

Braks said he voiced concern over a Chinese ban on imports of Dutch live animals and animal products, imposed after an outbreak of African swine fever in the Netherlands earlier this year.

The Dutch minister welcomed He Kang's promise that the ban on poultry imports would be lifted on October 1 this year, and asked for the other import restrictions to be lifted as soon as possible.

He said the Netherlands was planning to issue invitations to sectoral and provincial delegations from China and to participate in various technical and business seminars in the People's Republic.

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ECONOMIC PORTUGAL

ECONOMIC SITUATION VIEWED WITH OPTIMISM

Lisbon DIARIO DE NOTICIAS in Portuguese 14 Aug 86 p 5

[Article by Jacinto Nunes]

[Excerpts] Now that the academic year has ended and August (the vacation month par excellence) has begun, we can draw a short panoramic view of the Portuguese economy.

Employment has leveled off and there is no hope that it will change significantly in the near term. Even if current conditions permit an increase in the rate of growth, the unemployed will always be slow to be absorbed into the economy. It so happens that it has been consumption and not increased investment that has until now contributed to economic growth.

The behavior of investors has not been satisfactory and the explanations for this fly: interest rates should have already decreased long ago; also, a minority government does not inspire enough confidence among investors for them to undertake significant projects.

Without taking sides in this debate, it occurs to me to ask if during the past few years, when there was political stability even with majority governments, these governments conveyed enough confidence that translated into significant investments: It is a minority government but, according to the polls, it enjoys a significant degree of confidence. This is especially true of its leader.

I see few people refer to dynamic centers of investment. I only see one or two references to the disappearance of private groups. The public sector is swallowing some of the white elephants that had been created while others have practically finished the large investment projects they had underway. The compromise for iron and steel was reached. In the case of Alqueva the process (after so many years) is still not clear, at least to some.

Private groups have appeared, of course, but mainly in the financial sector. Few groups have appeared in industry.

Leaving this question aside, which, as we said, is outside the scope of the much simpler subject matter we proposed to discuss, we cannot help but note a factor that may explain in part the reason investors have not reacted to the overall economic improvement.

We are referring to the large amounts of unused capacity that exists in the Portuguese economy and the large debts many firms have.

Until now, some firms were putting the unused production capacity to work while others were trying to reduce their debt by paying off their loans.

Let us also look at what is happening in the construction industry. This industry usually complains (with apparent reason) that the economic rebound has not begun. Now, we all know that credit for home buying has increased significantly and, as a matter of fact, house closings are being processed at a good rate. We have information from the EPUL and from several builders that confirms this and we know that the search for new land to develop and the preparation of such land has begun. The construction industry is also aware of this. We can thus expect that there will be a rebound in construction during the beginning of the fourth quarter when a good part of the available housing stock is sold. The rebound in housing will drag along with it many other sectors because of the great amount of interdependence between these other sectors and the building industry.

Let us now look at the balance of payments. We have gone from a deficit estimated at $700 million to a positive balance that is higher than the estimated deficit. The continuing fall in oil prices and raw materials, the fall in interest rates, the drop in the exchange value of the dollar and the lack of investment at the expected rate have led to an easing in our foreign accounts. We had not had growth rates this high and a positive current account balance in a long time. We should take advantage of this positive but not entirely foreseen fact (some forecasters were more optimistic than the government). We cannot expect that oil and raw materials will continue to decrease in price for much longer or even that they will go down in price at the same rate as they have been doing.

As for the budget, it was forecast that it would initially decrease by 1.5 percent in comparison with the GDP (from 13.3 percent to 11.8 percent).

As the state's finances become public, particularly its income, we feel that the deficit will be even lower even if the government does not adopt a policy to cut expenditures. On the contrary, a 40 percent increase in total expenditures was initially forecast with an even larger increase in investment related expenditures.

We could say that the deficits continue to remain high and that they should be reduced to help fight inflation (although the central bank has stopped financing almost all of the deficit). However, the situation seems under control and susceptible to significant changes in the next budget.

In order to complete our picture, there is inflation. The government forecast 14 percent inflation; it should not surpass 12 percent. Once again, we are simply reporting the fact without entering into the polemics of who deserves the credit: the government or outside factors.

We note the difference with much more satisfaction since it certainly allowed the Permanent Social Settlements Council to decree that nominal wages should be based on the expected inflation rate (as well as productivity gains and a firm's competitiveness). It acknowledged that the government's goals for 1987 will be to have an 8 to 9 percent inflation rate and a 4 to 6 percent rate in 1988. We feel this is very important and we are astonished that only one commentator (at least to our knowledge), Fernando Ulrich in EXPRESSO, has given it its due emphasis.

It can also be said that the government failed in its forecast and that confidence results from a confirmation of expectations. However, given the direction the change took, I believe that the fact inflation decreased more than expected in no way affects the government's credibility. Of course, it can be the cause of a greater increase in real wages, therefore, moderation should be advised in current or future collective contract negotiations. We feel that even with the influence increased real wages have on investment there is enough lag between the cause and the effect that other factors will exist to favor increased investment.

To us, the government's credibility would seriously be affected if it took measures, now that there are indications that inflation will decrease more than expected, to bring inflation back up to the initially forecast level (e.g. through a greater devaluation in the escudo). I believe that no politician would accept this idea. Also, unemployment will not seriously worsen with an additional 2 percent decrease in the inflation rate. We understand and respect the rigidness of the theory but we cannot forget the demands of everyday life.

The final view in this picture is the problem of the structural changes, an area where the government has had the most difficulties. The government must keep in mind that it is a minority government in the same way that parliament must keep in mind what proposal will benefit the nation. Proposals should not be overturned simply because we have a minority government. The proposal to make the labor laws more flexible, for example, is the reason for the second part of our observation. This proposal had already been agreed to by the central bloc government.

However, we believe something is being done in the public sector firms. The Petroquimica closure, despite the social costs, was correct because the social costs were higher when it was in operation and they were going to rise even more in the future.

It is undoubtedly in the measures to affect structural change that the relatively optimistic picture we drew this August 1986 of the Portuguese family becomes gloomy.

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ECONOMY MINISTRY SETS EMPLOYMENT POLICY FOR 1987

Madrid EL PAIS in Spanish 10 Aug 86 p 33

[Article by G.M.]

[Text] Santander--Controlling wages through differentiated ranges for each industry and even for each type of firm, linking the basic interconfederal agreement with those two levels, and reducing the social security contribution rates paid by employers were the priorities emphasized most strongly by Antonio Garcia de Blas, general director of economic policy in the Ministry of Economy and Finance, in connection with a future employment policy.

Expressing his personal opinion--he is one of Spain's top experts on the labor market--Garcia de Blas emphasized that a recent OECD report sets forth the close relationship between labor costs and employment (for every drop of 1 percentage point in real wages, employment rises by between 0.2 and 0.5 percent) and recommends that the member countries apply the benefits of lower oil prices and a cheaper dollar to reducing employers' contributions to social security.

To offset that new cost to the government, he proposed eliminating the maximum amounts taxable for social security purposes and bringing new groups into the social security system before resorting to an increase in government transfers that would affect the public deficit.

After including in that group of high priorities a tie-in between productivity and wages and a coordination of tax rates and tax withholding with employment policy, he defended the need to make the interoccupational minimum wage and overtime more flexible, introduce new hiring procedures, reorganize unemployment benefits along the same lines as those adopted in France and the FRG (both countries reduce the unemployment benefit for as long as the economic effect of one's severance pay lasts), extend the periods of compulsory training, eliminate restrictions on mobility, and reward worker skills through the distribution of wage increases in each firm or industry with no repetition in any case of across-the-board increases.

He put aside a reduction in working hours as something to be achieved in the medium or long term because in his opinion, shorter working hours generate employment only if they are accompanied by a reduction in real wages. He announced that according to a survey by the Ministry of Economy and Finance, only one-fifth of the firms surveyed had hired new people to make up for the shorter workday established by law in 1984.

In response to that stand, Luis Toharia, professor of basic economics, stated that there is not necessarily a correlation between a reduction in real wages and increased employment, except through the long-term connection that exists between an increase in a firm's surplus earnings, subsequent investment, and then employment.

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CSO: 3548/78

GOVERNMENT PLANS FOR 4 PERCENT RISE IN PENSIONS, PAY FOR 1987

Madrid EL PAIS in Spanish 10 Aug 86 p 33

[Article by Gustavo Matias]

[Text] Santander--The government is aiming at an average rise of 4 percent in salaries and pensions next year, a percentage it would also like to adopt in its inflation forecasts, according to impressions received from the government employees and high officials who passed through the Menendez Pelayo International University in Santander this week. In the opinion of the minister of economy and finance, both objectives will be compatible with the maintenance of purchasing power and the acceleration of private consumption, even though employment is not likely to increase during 1987 by the 150,000 jobs forecast for 1986 (1.5 percent of the employed population).

The objectives for the three chief magnitudes determining the distribution of income each year--salaries and pensions, prices, and employment--will be definitely established by the government next month, when the general state budgets for 1987 are finalized. Regardless of whether agreement is reached in the talks on social coordination, the sources we consulted said that the cabinet is prepared to reaffirm as its objective the 4-percent inflation rate that was indicated a few weeks ago by the Ministry of Economy and Finance and also to keep government salaries and social security pensions in line with that figure. Doing so will provide a guideline for the private sector.

It will mean reducing nominal increases in incomes by half in a single year. Consumer prices are still rising at an annual rate of 8.9 percent, while the average increase agreed upon in the 1,651 wage agreements signed during the first half of this year and covering over 3 million workers was 8.2 percent--at the top of the range provided in the 1985-1986 Economic and Social Agreement [AES]. The average gain per hour worked came to around 8.8 percent in April, the last month for which the National Statistics Institute has published data.

All the same, the Ministry of Economy and Finance expects the annual increase in the price index to drop to just over 5 percent beginning in January 1987, since the 2.8 percent attributable to VAT [value-added tax] in January of this year will no longer be included in that figure.

Unknowns in Relation to Employment

The secretary of state for economy, Miguel Angel Fernandez Ordonez, who expressed confidence in Santander that there will be social coordination, told this newspaper that the anticipated 4-percent inflation rate and a similar wage increase are completely compatible with the maintenance of purchasing power and the objective of increasing private consumption (by 3 percent in real terms), on which almost all of the economic growth being sought will depend. Although it is not likely that employment will increase as much in 1987 as it is expected to in 1986--a 1.5-percent increase over the average employment figure of 10.35 million for 1985--he said that the increase in social benefits and other family incomes will be enough to cover the hoped-for consumption.

Despite the macroeconomic importance of wages, the government, the CEOE [Spanish Confederation of Employers Organizations], and the UGT [General Union of Workers] all intend to focus their attention on other areas: productivity, tax policy, increased public investment, technological conversion, profit sharing, pension funds, labor mobility, and the two matters in the AES that are still pending (easier conditions governing mass layoffs and a reform of social security). That is why the sources we consulted assured us that if agreement is reached on those matters, the objective of a 4-percent inflation rate could very well coexist with a salary range falling within the reference figure of 5 percent.

In any case, the government's intention is that the idea that there may be coordination will not prevent failure this year to comply with the constitutional requirement that the state budgets be submitted to Parliament before 1 October [sentence as published].

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ECONOMIC SPAIN

INDUSTRIAL CAPACITY PERCENTAGE FOR 1985 REPORTED

Madrid EL ALCAZAR in Spanish 8 Aug 86 p 13

[Text] The utilization of productive capacity in Spanish industry declined by 0.7 percent in 1985, reaching a level of 77.7 percent, according to data provided to the Efe Agency by the Ministry of Industry and Energy.

This slight drop continues the downward trend in the utilization of industrial capacity, which has lasted nearly 4 years now. The trend began in the third quarter of 1982.

The negative result is due primarily to the influence of the intermediate goods subsector, which experienced a considerable slump during the first quarter of 1984.

The main reason for the decline in the utilization of industrial capacity was, according to the same sources, the weakness of domestic demand.

In the capital goods subsector, this factor accounts for 58 percent of the decline for the year as a whole. This result, compared to that of the second half of the year, points to a reactivation in this sector.

In the area of intermediate goods, the fall in demand on the domestic market accounts for 50 percent, a drop of 1 point since last year.

In the consumer goods subsector, the impact of the weakness of domestic demand on the utilization of productive equipment has fallen from 51 percent in 1984 to 46 percent in 1985, due to the increased weight of foreign sales.

The second most important factor in the declining utilization of industrial capacity has been the reduction of exports below the 1984 total. This factor accounts for 11 percent of the decline.

The fall in exports had a more severe impact on the capital goods subsector than on any other, 15 percent. This level has remained unchanged for several years.

The third most important cause of underutilization was difficulties with equipment in some phases of production. This factor accounted for 8 percent of the drop, a similar percentage to those of previous years.

Another factor that has contributed significantly to the slump in the utilization of the production system, according to the report by the Industry Ministry, is financing problems. They accounted for 4 percent of the decrease, 2 points below the figure recorded in the previous fiscal year.

Construction Down 10 Percent in 5 Years

During the 1980-1985 period, the construction sector reported a decline of nearly 10 percent in real activity, and a loss of 271,500 jobs. Only in 1982 and 1985 did construction activity rise, by 0.5 percent in each year. As for the other years, activity fell off by 2.5 percent in 1981 and 1983, and by 5.5 percent in 1984, sources in this sector report through SEN.

Official bidding fluctuated during the period in question. A relatively active period (1980-1982) was followed by a slump in 1983, when real bidding declined by 17.4 percent. In 1983 [as published], however, there was an increase of 30.5 percent.

In terms of types of project, the trend established early in the decade had reversed by 1985. Thus, erecting buildings, which had accounted for 60 percent of all projects in 1980, represented just 42 percent in 1985. Bidding on civil construction projects went in just the opposite direction, attaining 58 percent of total bidding by the end of that period (in the 1983-1984 period, civil construction accounted for more than 2/3 of the total).

The workforce in this sector felt the blow of the crisis; it declined by 173,900 persons, with a loss of 271,500 jobs among the employed population and an increase of 97,600 individuals on the jobless rolls. The unemployment rate remains at 35 percent of the labor force.

Percentage of Industrial Capacity in Use: 1985

	Total	Capital Goods	Intermediate Goods	Consumer Goods
1st Quarter	77.2	74.2	76.7	79.2
2nd Quarter	78.1	75.2	78.9	78.6
3rd Quarter	76.9	74.2	76.5	78.6
4th Quarter	78.4	72.7	78.7	78.9
Annual Average	77.7	75.1	77.7	78.9

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CSO: 3548/79

ECONOMIC SPAIN

INVESTMENT LEVEL REPORTED AT 12-YEAR HIGH

Madrid DIARIO 16 in Spanish 16 Aug 86 p 11

[Article by Carlos Azuaga]

[Text] Madrid--The improvement in the rate of investment in the Spanish economy during the year, as predicted recently in the semiannual report of the Bank of Spain, could bring the highest increase in investment in 12 years to the Spanish economy in 1986.

According to these forecasts, investment in Spain could rise by 7.9 percent in real terms (that is, discounting inflation) this year. This figure is far above the growth rate attained in 1985 (4.5 percent), and it approaches the rate reported in the final year of the last economic expansion: In 1974, investment in Spain grew by a real rate of 10.6 percent over the previous year's figure.

Traumatic Years

If the positive growth forecast of 7.9 percent is confirmed in 1986, which appears certain, this will also be a record year in recent Spanish economic history. It will be the first time since 1974 that our economy has experienced a growth in investment for two consecutive years.

The years since 1975 have been traumatic ones for the Spanish economy from the standpoint of investment and employment, because the decapitalization of the Spanish economy proceeded at a rapid pace.

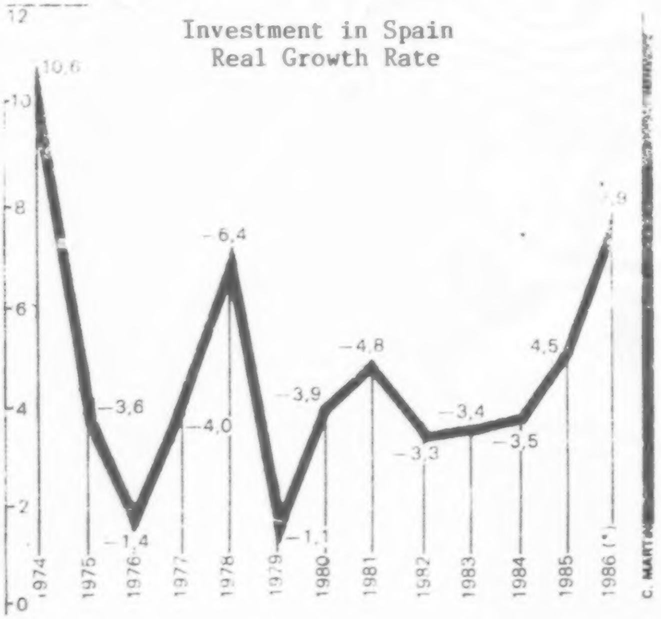
Investment fell steadily after 1975; it was during that year that our country first felt the adverse effects of the economic crisis, which came to Spain somewhat later than the rest of the industrialized world.

All the years between 1975 and 1985, with the sole exception of 1980, recorded year-to-year declines in investment in Spain. The cause of this slump was the sharp reduction in net savings in the Spanish economy. This decrease in savings attained a considerable level, and the recovery in this area is still quite modest in comparison with the levels reported throughout the 1970s.

Insufficient Recovery

Despite these two consecutive years of recovery in Spanish economic investment, the sum total of resources that Spain earmarks for investment is still far below that of the 1970s. In 1985, for example, investment in the Spanish economy represented only 81 percent of the total for 1974.

Even if investment grows at a real rate of 7.9 percent in 1986, as the official reports are predicting, the Spanish economy will still not have recovered the investment levels of the years prior to the economic crisis. If the 7.9-percent growth rate projected by the forecasts is achieved by the end of 1986, the Spanish economy will still be 12 percent below the investment level of 1974.


Investment in Spain
Real Growth Rate

(*) Bank of Spain forecast

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MILITARY EUROPEAN AFFAIRS

DANISH MINISTER: 'DEFENSIVE DEFENSE' WOULD IMPACT NEIGHBORS

Copenhagen BERLINGSKE TIDENDE in Danish 5 Sep 86 p 2

[Article by Thorkild Dahl: "Danish Defense Essential for Norway"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Defense Minister Hans Engell says that the debate about a defensive defense reminds him more of a religious conflict than a discussion in an effort to understand each other.

Denmark cannot change its security policy as one changes his shirt. What Denmark does has significance for Norway and West Germany, and for that matter Sweden also. And what they do has significance for us.

Defense minister Hans Engell (Conservative) clearly distanced himself from the proposals to restructure Danish defense into a defensive defense when he was one of the speakers yesterday at a hearing arranged by the Conservative Folketing Group at Christiansborg on defensive defense.

While Defense Minister Hans Engell said that the debate about a defensive defense reminds him of a religious conflict, peace researcher Bjorn Moller from the Center for Research on Peace and Conflict at the University of Copenhagen said that there is no fixed pattern for a Danish defensive defense, and it cannot be introduced overnight.

"The defensive defense is deterrence. If it goes wrong, the results would be very unpleasant, but so would they be with the existing NATO system in which nuclear weapons are involved," said Bjorn Moller.

Klaus Birkholm, who was formerly a Left-Socialist MP said, "a nonoffensive defense in Denmark only has meaning in connection with membership in NATO."

Research leader Arne Olav Brundtland from the Norwegian Foreign Policy Institute in Oslo said that because of its small size Danmark cannot appear threatening to the Soviet Union, and the research leader tied the discussion of a Danish defensive defense together with the relationships with Denmark's neighbors in the same way as Defense Minister Hans Engell.

"Norway has a defensive buildup of forces facing the Soviet Union, but with a concentration of strength in North Norway. Therefore Norway has a direct interest in the defense of the southern part of NATO's northern region," said Arne Olav Brundtland.

The chairman of the interim Folketing Security Policy Committee, Knud Ostergaard (Conservative), called the debate about a Danish defensive defense a "defense-negative excuse to discredit the defense forces."

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MILITARY DENMARK

DEFENSE MINISTER DEFENDS PLAN TO PURCHASE STINGER MISSILES

Copenhagen BERLINGSKE TIDENDE in Danish 6 Sep 86 p 6

[Article by Thorkild Dahl: "Missile Negotiations Again Next Week to Keep to Time Plan"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The purchase of 850 American Stinger missiles for the Defense Department has the highest priority for the Army in the current defense compromise. The contract will be signed before the end of the year due to the planned financing.

Defense Minister Hans Engell (Conservative) believes that it is important that negotiations for the purchase of the close air defense missile Stinger can continue so that satisfactory compensation agreements for Danish industry can be signed together with the total order in December. "It is important that deadlines be met. That applies both economically and militarily. Close air defense missiles are given the highest priority for the Army in this compromise period," said Defense Minister Hans Engell after a debate in the so-called 11-man committee yesterday. The committee consists of representatives of the government parties and the Social Democrats who stand behind the current defense compromise. The Social Democrat defense policy spokesman, Knud Damgaard, has sharply criticized the defense minister's choice of the American Stinger missile at the expense of European missile types, and after the meeting Knud Damgaard said that he expects a number of meetings on the issue.

At the meeting Defense Minister Hans Engell regretted that the committee did not feel that it was satisfactorily oriented about the decision to go ahead with negotiations to purchase 850 Stinger missiles. "The committee naturally requires a high level of information, and I am sorry if they do not feel sufficiently informed. But at the same time I say that there has not been a procedural error on the issue." The Liberal Party member of the 11-man committee, Peder Sonderby, said after the meeting yesterday that it is excellent that the committee is now getting an orientation on the various types of missiles, but the committee cannot sit as a second Defense Command and choose types of weapons. "It must be the minister's job to make the decisions based on the advice of his military experts," said Peder Sonderby.

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NATO OFFICERS GIVE HIGH MARKS TO COUNTRY'S SOLDIERS

Copenhagen BERLINGSKE TIDENDE in Danish 3 Sep 86 p 7

[Article by Erik Boesgaard: "NATO Commends Danish Soldiers"]

[Text] "Denmark must not reduce its defenses any more," said the chairman of the NATO Military Committee, Netherlands General C. de Jager, yesterday during a visit at Kastrup Air Station. The Military Committee, which includes about 36 members, has been in Denmark during recent days. Together with the queen and the prince, they have been the guests of Defense Minister Hans Engell at a dinner at Frederiksberg Castle, and have been embarked out in the Sound onboard corvettes and motor torpedo boats. The visit ended yesterday with a demonstration of Danish air and land forces in Karup and on the training grounds by Finderup, from where the tour went on to Norway.

There was general satisfaction among the foreign guests. "What we have seen is good, the soldiers go to their duties with enthusiasm and serve their ships, aircraft and other material with skill, but the numbers should not be reduced further," warned General de Jager.

Among the Danish soldiers which the guests had an opportunity to see in action was a demonstration unit from the Fyn Life Regiment which demonstrated operational refuelling of the Leopard tank, and which served samples of the Army's standard field rations. A German general was especially interested in the soldiers' self-made chile con carne, which he thought tasted totally delicious, but which he feared would be hard on the stomach during actual field conditions.

"It is exciting to see the the Danish Army's mobilization system," said the Commander of the Allied Forces in the English Channel, Admiral Sir Nicholas Hunt, who was impressed that over half of the Fyn Armored Battalion could be called up in two days and be ready to go into the field as an effective wartime battalion.

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FORCES COMMANDER REJECTS SDP CHARGE OF EXCESS SERVICE RIVALRY

Copenhagen BERLINGSKE TIDENDE in Danish 2 Sep 86 p 7

[Article by Nils Eric Boesgaard: "Defense Chief: The Three Services Cooperate"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Chief of Defense Admiral S. E. Thiede rejects the Social Democratic Party's [SDP] assertion that rivalry between the services is costing the defense forces millions of kroner.

"I do not appreciate the assumption that there is no unified planning in Danish defense leadership," said Admiral S. E. Thiede to BERLINGSKE TIDENDE.

"Denmark is one of the countries which has gone the farthest in integration of the three services in our defense leadership and our defense staff, and it is my firm conviction that everybody is doing his best to cooperate loyally on common solutions," said the chief of defense.

Officers in the defense establishment did not wish to comment further on Knud Damgaard's accusations by naming names. But there was unity in the belief that it was a new phase in his and especially his military advisors' vendetta against the current military leadership.

Knud Damgaard especially has a bone to pick with the Navy. This has been primarily aimed against the frigates and the submarines, which he has demanded be eliminated, but which all domestic and foreign experts agree are essential for forward defense in the Baltic.

This again came out in his statement on Sunday when he spoke about the Navy's request for Lynx helicopters for tasks which the Air Force's F-16 aircraft could already carry out. It is correct, say those in both the Defense Command and the Tactical Air Command, that helicopters and fighters can be used for target designation for antiaircraft missiles, but that is the only function which the two types of aircraft share.

But it is just as difficult to see how an F-16 could evacuate a sick Greenlander from an outpost on the east coast of Greenland as it is to see how a Lynx helicopter could oppose a supersonic combat aircraft.

As for the F-16 aircraft, it is also very doubtful that in a wartime situation they will be available for target designation during a counterattack against an enemy invasion fleet. They will probably have their hands full stopping enemy air forces, according to the experts.

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HOME GUARD ORGANIZATION, RESOURCES, MISSIONS OUTLINED

Copenhagen BERLINGSKE TIDENDE in Danish 17 Aug 86 Sect III p 8

[Article by Nils Eric Boesgaard: "Defense on the Job--7 (final). Shoot First, Then the Underground Will Help"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Eight thousand men and women are members of the Home Guard. It is the largest and best organized peace movement in Denmark today. The movement is strongest on Bornholm, because there they worked at fighting for freedom from Sweden and being occupied by the Russians.

Once upon a time, long, long ago a soldier walked along the beach on Bornholm. Suddenly he saw an enemy invasion fleet nearing the coast. He stood there paralyzed with fright, but then he heard a little voice which said, "Load and shoot." Automatically he did as he was told, and when he had fired off the first shot there was suddenly an entire army of the underground behind him--with rifles, cannons and cavalry--and they drove the enemy back into the sea.

"That is a Bornholm folk tale," said Lieutenant Colonel Jorgen Clausen, the head of Bornholm's Home Guard.

"The moral is as good today as it was then," he added. "The conditions for for the underground--the allies--coming to help you are that you be prepared to make an input yourself."

It should not surprise anyone that Bornholm is one of the most defense conscious areas in the country. It is the only part of the present Denmark which, by its own efforts, fought its way back into the kingdom (during the Swedish Wars in 1658) and it is one of the very few areas in Europe which happily was released from Russian occupation (1945-46).

And Bornholmers are still ready to fight for their island. There are 1400 Home Guardsmen on the island, divided into Army, Air Force and Navy Home Guard. That is almost three percent of the local population, or more than double the percentage of the rest of the country, said Lieutenant Colonel Clausen.

The other day BERLINGSKE SONDAG went on exercises with a platoon of the Home Guard from Ronne under the command of Captain Knud Erik Hansen, who in everyday life is a bank manager outside of Hasle.

An Elementary Exercise

It was a very elementary exercise in which the Home Guard's basic tasks were exercised: guarding, protecting and inspecting. The enemy were civilian-clad saboteurs, "perhaps Soviet spetsnaz personnel" like those who, many years ago, "forgot" a gas mask and other equipment at Hammershus.

The Home Guardsmen went about their tasks with enthusiasm, and they apprehended saboteurs who, disguised as refrigeration electricians, tried to bluff their way through with typical Danish contempt for authority. They were discovered when a check post found a rifle in their truck, but the Home Guardsmen did not discover a tool box filled with explosives which was pointed out during the critique after the exercise.

The time is past when Bornholm's Home Guard and the Bornholm Militia were given material and equipment which was worn out from other parts of the country. As with the Army on Bornholm, the Home Guard's equipment is entirely up to date, perhaps even better and more abundant than in many other parts of the country.

The standard weapon is the German G-75 rifle and the light machinegun MG-62. Furthermore there are a number of Carl Gustav antitank cannons, and the radio material is the latest type.

The green Army Home Guard numbers about 1000 men divided into nine companies. In addition there is a large and effective division of the aircraft-reporting corps which plays a vital role in the warning service on the island.

"We are especially looking for helicopters," said the chief of the Aircraft-Reporting Squadron at Ronne, Captain N. K. Rasmussen, at the top of the 10-meter-high lookout tower from where he has an impressive view over the beautiful Bornholm landscape.

"When we sight a jet aircraft it is too late, but it is a 20-minute flight by helicopter from the Polish coast to Bornholm. And it is helicopters with small enemy forces which comprise the greatest threat to the island. It is therefore of great importance both for the Army Home Guard and the regular troops that we can point out the place from here that the enemy helicopters are landing," said the captain.

Lookout Post Facing East

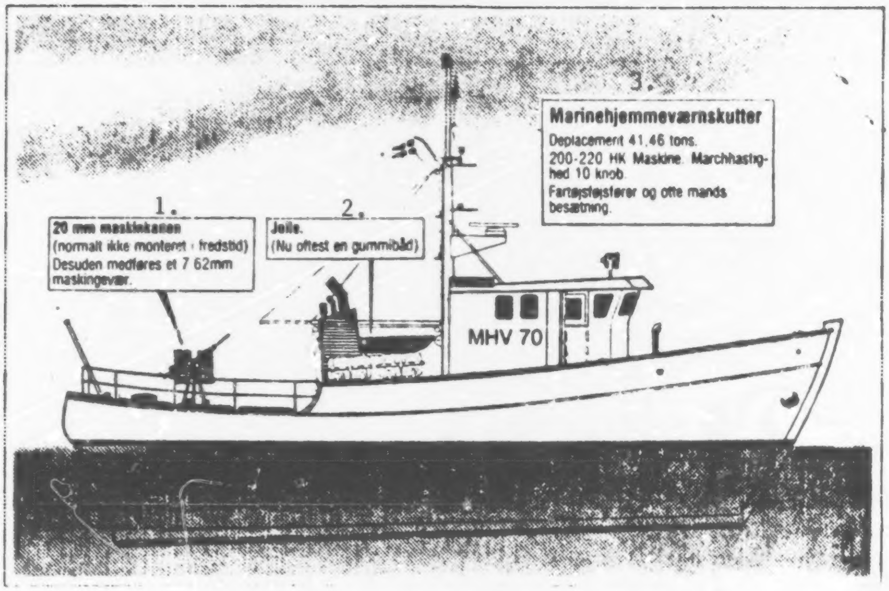
In the observation posts of the 11 lookout towers around the island are the older members of the Aircraft-Reporting Corps at their daily tasks as observers. They know what they are looking for, and how to report their observations to the nearest post. The report is sent from there to the so-called low-warning center where there are representatives of all the services and the Civil Defense Corps. They decide how the information can be used.

"For example it could be observation of explosions or measurement of radiation," said Captain Rasmussen.

Bornholm's great importance for Denmark's defense is as a lookout post toward the East. The large, modern radar station in the middle of the island looks out over the entire Baltic and deep down into Central Europe, but the island lies so near the most important shipping routes that it is possible to observe many of the most important Warsaw Pact naval movements with the naked eye from the coast. This task has so far been carried out by the Womens' Naval Corps. But now it is planned that the girls will be assisted by a male Naval Home Guard Flotilla.

The commander is already designated. It is the popular harbor master of Nexo, Shipmaster Viggo Simonsen, who is a lieutenant in the Naval Reserve. "There was a home guard flotilla on Bornholm about 10 years ago, but it was closed down because of lack of membership," he said. "I already have a nucleus in the form of a deputy commander, who is my assistant harbor master and a shooting instructor. We will begin recruiting people in the fall, and I expect that I can have the new flotilla sailing during the spring of 87. It should not be difficult. We have 150 fishermen who live in Nexo and many of them have been in the Navy," said Viggo Simonsen.

There are 80,000 Home Guard men and women in Dennmark. It is without comparison the largest and best organized group of peace activists in the country. "We will also come when it rains," said one. They are average Danes. The company in Ronne consists of craftsmen, office workers, workmen and others under the command of a bank manager. They are ready to lay their lives on the line for their island as Jens Kofoed did when in 1658 he shot the Swedish commandant at Hammershus, Johan Printzenskold, or as the unknown soldier in the folk tale, whose shot called the underground to come and help. They only hope that the politicians will appreciate their input and back them up.



3.
Marinehjemmeværnskutter
Deplacement 41,46 tons.
200-220 HK Maskine. Marchhastighed 10 knob.
Fartøjsføjsfører og otte mands besætning.
1.
20 mm maskinkanon
(normalt ikke monteret i fredstid)
Desuden medføres et 7.62mm maskingevær.
2.
Jolle.
(Nu oftest en gummibåd)
MHV 70

Caption: It is a cutter such as this--perhaps older, perhaps newer--which is the center of life in a Naval Home Guard Flotilla such as the one now being established on Bornholm. The commander, Harbor Master Viggo Simonsen, expects to have it sailing next year.

Key: 1. 20 MM Machine Gun (normally not mounted in peacetime)
In addition a 7.62 MM machine gun is carried.

2. Dinghy (now usually inflatable)

3. Naval Home Guard Cutter
Displacement 41.46 tons
200-220 HP Engine. Speed 10 knots.
Captain and 8-man crew

CSO: 3613/196

KRAUSS-MAFFEI/DIEHL RELEASES DETAILS OF PUMA ACV FAMILY

Bonn WEHRTECHNIK in German Aug 86 pp 50-56

[Article by Wolfgang Flume: "The Versatile PUMA ACV--New Combat Vehicles From Krauss-Maffei/Diehl"; first paragraph is WEHRTECHNIK introduction]

[Text] Developing a new armored vehicle from one's own resources, without financial support from the national armed forces, is always a risky affair. If enterprises nevertheless dare to do so they must have courage, on the one hand, and must be able to see good marketing opportunities, on the other hand, or they must be convinced of the "uniqueness" of their proposal. This is true of the new PUMA family of light armored vehicles which is currently being developed by Krauss-Maffei and Diehl with a view to replacing the tens of thousands of M-113's throughout the world--but perhaps also as a new mortar vehicle for the Bundeswehr. The more than 20 vehicle variations are said to weigh 16 to 28 tons and possibly even 34 tons and are a good value and reliable as a result of the use of proven military or civilian components.

Development of a successor to the M-113 which would be a good value has already been attempted by a number of enterprises throughout the world; the fact that Krauss-Maffei and Diehl are now added to this number is noteworthy for several reasons:

The M-113, more than 75,000 of which are in the hands of numerous armed forces worldwide and have proven themselves, is, at least with respect to procurement, a vehicle which is a good value on the basis of the large series and simple layout. Any "successor model" must therefore propose to provide better performance at roughly the same price or must be "cheaper" given equal performance capabilities--the latter proposition has now become the domain of those countries outside of Europe and the United States which have also been developing armored wheeled and tracked vehicles and have been building them for some years, and have quite successfully been exporting them, largely because of low wages. A developer from expensive, highly industrialized countries must, therefore, already offer something special. This is particularly true when such a developer receives neither financial nor conceptual support from the armed forces of his country and is, thus, dependent on export. And if the developer should be from the FRG he suffers additionally as a result of laws which strongly limit arms exports.

None of this discouraged the Diehl (who were seeking a universal carrier vehicle for its modern 120-mm mortar, to be loaded from the inside) and Krauss-Maffei after checking all of these questions from investing in the development of a new vehicle family which is referred to by the English designation of Armored Combat Vehicle, abbreviated ACV, and which was given the name of the predatory cat PUMA in continuation of the tradition.

Conceptual investigations were begun in 1983. Development was then concentrated, beginning in 1984, and led at first to construction of a prototype (still made from mild steel) which underwent testing at the beginning of 1986. This prototype is to be tested this year also with a Diehl- and Krauss-Maffei-developed turret housing the above-named 120-mm mortar, as well as with an E-4-A1 turret made by KUKA Wehrtechnik and housing a 25-mm Mauser cannon. The mortar was assembled during the first months of this year and fired in April and the self-propelled mortar was then completed in June. This prototype has a turret track diameter like that of the LEOPARD 1 combat tank--this provides adequate room for the mounting of all types of turrets when adapter tracks are installed. This year construction of a second prototype (made of armored steel and possibly structured like an armored personnel carrier) is to begin and this vehicle is to be completed next year. At the beginning of next year a second mortar turret is to be built.

How Is the PUMA Now To Stand Out?

The general requirement was: It should not cost substantially more than an M-113, but it should present more factors such as mobility, armor protection, larger payload, versatility. In order to attain this without incurring substantial cost overruns, the layout was handled consistently in accordance with the principle of "design-to-cost," which does not always lead to optically pretty solutions, but provides the user with decisive advantages.

High Versatility

In order to achieve tactical flexibility and universal applicability, it must be possible to build numerous variations on the basis of a basic vehicle, all of which (with the exception of actually only the combat tank) can take over all of the missions assigned to armored vehicles in the hands of combat and combat-support troops. This results in vehicle masses of about 16 to 28 tons--a relatively wide span--which are then divided into two classes: 16 to about 22 tons and 23 to about 28 tons. The lighter-weight class will likely make do with four bogey wheels per side instead of the generally planned five bogey wheels. If six bogeys are used then the mass of the lengthened vehicle could be raised to about 34 tons. This provides for service loads between 12 and 16 tons. Depending on the vehicle weight or upon customer requests, it is possible to install power plants having various capacities--320-, 440-kw or larger. More will be said later about the various vehicle variations which are currently in the planning stage.

Design-to-Cost

The design-to-cost process leads to a vehicle characterized by high performance capabilities through the use of proven components and simple layout:

a. Simple Fabrication

In order to achieve low fabrication costs and possibly not to be able to build the vehicle in a highly developed foreign country, a complicated welded structure was largely avoided. This led to the use of large, very often perpendicularly welded steel plates and to an arrangement of components within the vehicle which require relatively little alteration for the individual versions. Since the anticipated largest number of vehicles to be built will be the armored personnel carrier the inevitable result was a front-wheel drive with an adjoining crew compartment for soldiers, ammunition, or weapons turrets or special equipment, which can be accessible from the rear or from above.

b. Proven Components

Particularly with respect to the tracks and suspension system, which, like the power plant, occupies an essential share in the operating costs, proven components were used: bogeys and support wheels, steering rods, shock absorbers, support arms with bearings, reversing pulleys, crown gears, the track, hydraulic buffers, the driver's seat, and instrumentation came from the LEOPARD 1; the hydraulic track tension device, the drive sprocket, the bilge pumps, and components for the cooling system, as well as the ventilator, came from the LEOPARD 2. Additional components such as NBC facilities, fire-fighting equipment, heater, generator, voltage regulator, cables and terminal connections, etc., came from other proven wheeled and tracked vehicles. In other words, the effort to develop everything from scratch was resisted. This will result not only in lower acquisition costs, but also in lower operating costs since the partial overdimensioning of these components for the light vehicle will result in lower wear and tear which will, in turn, exert a positive influence on availability. The ACV family thus offers an ideal vehicle for land forces which already have the LEOPARD 1 or LEOPARD 2 in service--quite particularly the Bundeswehr.

c. Civilian Components

Cost reduction is also contributed to by the use of commercial components which have been proven with respect to civilian vehicles. In first place in this respect is the power plant:

i. either the turbocharged MAN diesel D-2866KE (six-cylinder) with 320 kw (440 HP) in combination with a six-gear Wandler Model 6 HP 600/STV 600 gearshift mechanism made by ZF. The latter belongs to the family of contemporary bus transmissions, which also provided the gear mechanism for the 1 FUCHS transport tank;

ii. or, for the heavier version, the MAN diesel D-2848LE (eight-cylinder) with 440 kw (600 HP), together with the Model LSG-2000 automatic truck gearshift mechanism, also manufactured by ZF.

Use of these power plants results in a performance weight of 18.4 to 13.4 kw/t (25 to 18 HP/t) with respect to the lighter vehicle class or 19 to 15.7 kw/t (26 to 21.4 HP/t) for the heavier-class vehicles. Naturally, it is possible to install even stronger power plants.

It goes almost without saying that the engine, transmission, cooling system, and fuel filter facility are handled together in the form of a compact block which can be rapidly installed or removed.

But There Are Also New Ideas

As conventional as the vehicle may be in accordance with this description, new ideas have penetrated into the layout of the chassis. A new development, although it uses proven hydrostatic components, is the steering gear which was placed beneath the cooling system and which, as is the case with the LEOPARD 2, permits the infinitely regulable steering and turning of the vehicle about its vertical axis. Since the steering gear provides the correct number of revolutions per minute to facilitate motion, it was possible to forego the use of a side-mounted transmission. The previously mentioned track tensioning device located at the rear guide pulley functions hydraulically and is only now being installed for the first time in the Swiss LEOPARD 2 tank. The "reverse" hinging of the last bogey (the support arm points forward) which prevents the occurrence of the "spearing effect" when moving in reverse is probably unique.

The elastic mounting of terminal drives, guide pulleys, and support pulleys is said to be an option. This reduces the transmission of vibration from the running gear to the vehicle body, so that the vehicle promises to be very quiet.

Varying Protection

Depending on requirements, the ballistic protection of the chassis can be varied, essentially through altering the wall thickness. With all-round protection against 7.62-mm ammunition, the weight of the chassis is 16 tons; with all-round protection against 14.5-mm ammunition, it rises to 17.1 tons. The same weight results from providing protection in the front and up to 30° along the flanks against 20-mm ammunition provided one is satisfied with protection against 7.62-mm ammunition for the rest of the areas. The design and the high payload, however, also permit a substantially stronger armor to be used.

Versatile Use

According to data provided by the companies, more than 20 vehicle variations are possible providing combat and combat-support troops with a possibility of many-sided applications:

a. support through mortar fire,

b. command functions,

c. reconnaissance,

d. reconnoitering,

e. tank defense,

f. antiaircraft defense,

g. mine launching,

h. fire control,

i. transport,

j. recovery.

Some variations will be briefly introduced in the following text.

120-mm Self-Propelled Mortar

The self-propelled mortar has a four-man crew: driver, commandant, gunner, and loader. The turret is turnable along the azimuth by ±45° and when subjected to firing stress is supported by an axial-radial roll wire bearing beneath the turret body. Horizontal forces are passed on to the vehicle housing via the turret frame. The 120-mm weapon is mounted in the turret on a two-point support system: the firm point is a trunion on the turret housing, the base plate of the weapon is supported by a circular segment which is connected with a base plate of the turret body. The turret is turned manually along the azimuth by the gunner with a crank handle which operates a worm gear which in turn operates a ring gear located along the roll wire bearing. Elevation of the weapon is also handled by a hand crank which uses a worm gear spindle to displace a jacket which is connected with the lower portion of the weapon by a toggle mechanism. The upper portion of the weapon is a movable tube which is placed in the horizontal position for purposes of loading. Projectiles can thus be introduced under tank and NBC cover. A hand lever is then used to bring both tube segments into a coaxial position where they are secured and sealed by a sliding sleeve. The projectile then drops into the lower portion of the tube just like it does in a standard front-loading weapon.

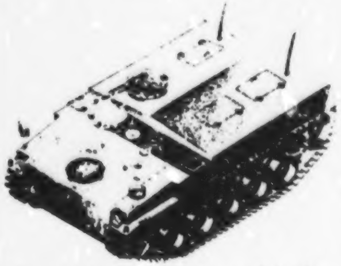
The gunner has a statically stabilized periscope which is directly connected with the weapon. A plumbing device mounted on the periscope controls electric motors in such a way that the periscope is always in a vertical position and the line of sight always points in the direction of the fire with the azimuth placed in the zero position.

The layout of the mortar guarantees a high degree of availability. A special characteristic is the simple and high-speed reloading under armor protection.

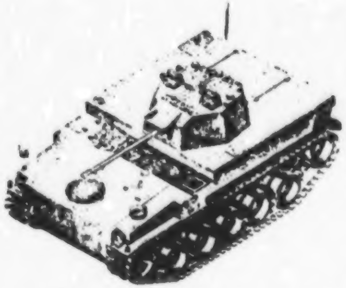
Personnel Carrier, Radio and Command Vehicle

This vehicle, which is to be armed with a machine gun, has a capacity for carrying 12 fully equipped soldiers--in addition to the driver who sits forward and to the right next to the power plant (a six-bogey chassis can carry 14

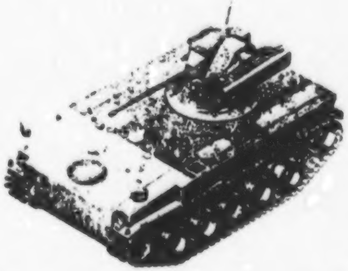
The PUMA Family (16-28 t)



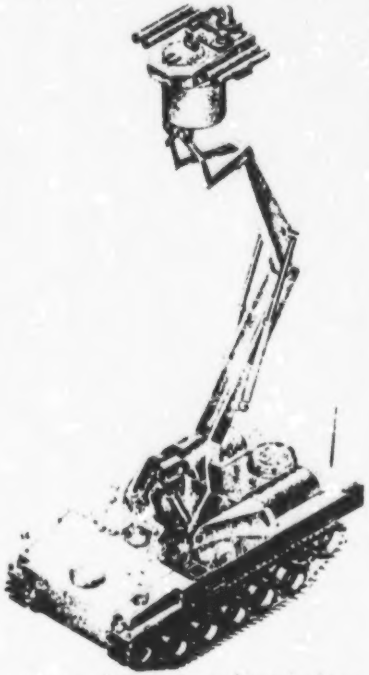
Crew transport vehicle



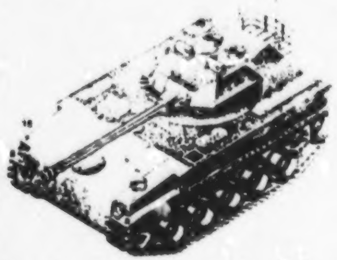
Armored personnel carrier



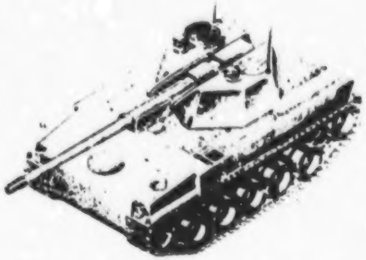
Multipurpose combat vehicle



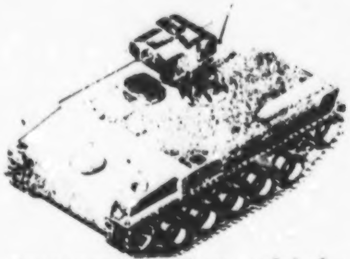
Tank destroyer/Antiaircraft combat vehicle



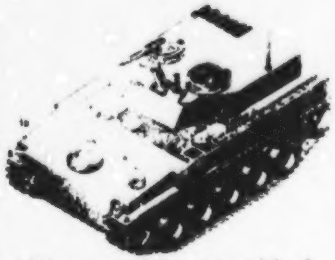
Light combat tank (90 mm)



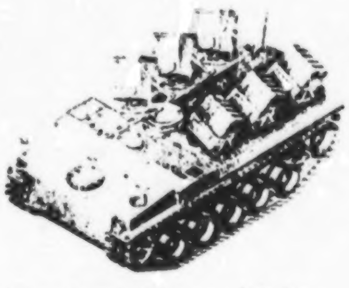
Light combat tank (105 mm)



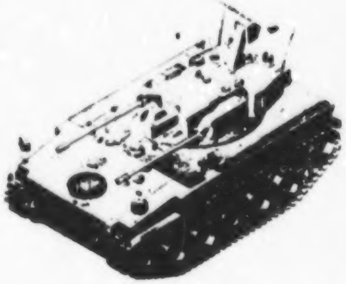
Antitank combat vehicle (TOW)



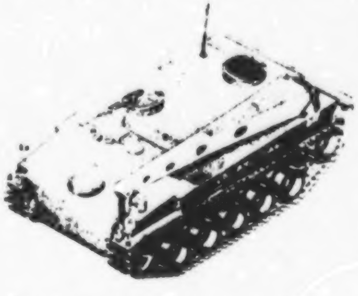
120-mm self-propelled mortar



Mine-launching vehicle



Antiaircraft combat vehicle



Recovery tank

soldiers). Large rear doors or a hatch cover permit rapid mounting and dismounting or the loading of the vehicle as a transport tank with up to 12 tons (the elongated version up to 16 tons) of payload. The large volume also facilitates the taking along of bulky cargoes or provides ample room for radio and command gear.

Armored Personnel Carrier

Here, thought was given to the integration of one- or two-man turrets with 20- to 40-mm machine cannon. In the rear area, up to 8 armored infantrymen (10 in the 6-bogey version) can be carried and can fire from ceiling and side ports while being protected. The combat weight of the vehicle is between 18.5 and 22 tons.

Light Combat Tank--90/105-mm

The PUMA chassis is in a position to accept two- or three-man tank turrets with on-board cannon having a caliber of between 60 and 105 mm, or, perhaps, the Israeli 60-mm cannon or one of the many 90-mm low-pressure guns or the 105-mm weapon with a low recoil, which is currently under development, such as the 105-mm-SLR made by Rheinmetall. Through adapted protection devices, such as special armor, vehicle protection can be decisively improved within the framework of what can be accomplished from the standpoint of weight.

Antitank Missile Vehicle

Here, equipping the vehicle with the most varied antitank guided missiles, such as MILAN, HOT, and TOW, in the most varied mounting modes is feasible. The large combat area permits the taking along of at least 12 missiles. Based on experiences collected by Krauss-Maffei involving the development of an elevatable platform for the tank-hunter/antihelicopter combat vehicle for the Bundeswehr, such an elevatable platform--elevatable to a height of 12 meters and either manned or unmanned--is being proposed for the PUMA. With respect to the manned version, the gunner sits in a cabin on a platform which is maneuverable along the azimuth with four antitank or antiaircraft missiles.

Antiaircraft Combat Vehicle

Of course, Krauss-Maffei is proposing the WILDCAT as the antiaircraft system, which is a modern two-man turret with two 30-mm Mauser cannon and a modern fire-control system, which is available in five variations: from the fair-weather system through an all-weather system with radar and infrared devices. Ammunition feed is beltless. The vehicle carries 800 rounds, with 400 rounds for each weapon.

Mine Launcher

In imitation of the mine-launching system which was introduced to the Bundeswehr this year, this variation was designed with 6 mine-launching units, each of which carries 100 AT-2 tank mines. With a combat load and two-man crew a minefield 60 meters in width and 1,500 meters in length can be laid within 10 minutes under armor protection and the density of the field would be 0.4 mine per meter.

Recovery Tank

Equipment carried in and on the vehicle rear can include the following:

a. hydraulic winch,

b. 360° traversable crane outrigger,

c. hydraulic hoist winch,

d. hydraulic blade which also serves as a support during crane and winching operations.

Logistics Concept

Let us only briefly mention that Krauss-Maffei had worked out a voluminous logistics concept for the PUMA family which extends from spare parts to workshop equipment, from technical documentation through training devices and the training of crews and maintenance workers. Because of the use of the previously named tried components, the provision of spare parts has been essentially widely secured.

Marketing Opportunities

Judging by the layout, the PUMA would have to have very good marketing opportunities--the extent to which these can be realized will be shown in the future. Naturally, because of export limitations, the chances primarily involve NATO countries which will have quite a large demand over the next few years. But the Bundeswehr should also look at these vehicles more closely; after all, this development shows that new tracked vehicles can be developed and built while using proven components and relatively modest funds. Naturally, the firms involved and obviously Diehl in particular are thinking primarily of the self-propelled mortar, since the opportunity presents itself simultaneously to decisively strengthen the "artillery of the infantry."

[Box, p 52]

Technical Data of the PUMA Chassis

Weight, according to protection provided	16-17.5 t
Length	5.50 m
Width	3.25 m
Height	1.71 m
Track width	0.55 m
Chain rise	2.97 m
Ground clearance	0.45 m
Ability to climb	0.93 m
Ability to cross a trench	2.30 m

Technical Data of the PUMA Chassis (continued)

Ability to drive up incline	60%
Ability to drive in banked position	30%
Velocity	65 km/hr
Range (highway)	650 km
Fuel tank capacity	500 l

	Standard	Option
Engine	MAN D-2866KE	MAN D-2848LE
Capacity	320 kw/440 HP	440 kw/600 HP
Transmission	ZF 6HP 600/STV 600	ZF LSG-2000
Electrical system	2 batteries 12 v 100 Ahr 1.5-kw generator	2 auxiliary batteries 12 v 100 A 5-kw generator 9-kw generator
Equipment	Heating and ventilation facility Fire-fighting equipment NBC protective devices	Crew compartment cooling system Fire suppression system Deep wading facility Equipment to facilitate underwater movement
Track	Diehl 640-A (LEO-1-D)	Double-pin track, rubber-clad (Type 139-EZ) Double-pin track with one-piece track members (Type 840) One-pin hinge track, dry mounted (Type 140)
Running gear		Elastically mounted terminal drive Elastically mounted guide and support rollers

[Box, p 56]

Self-Propelled 120-mm Mortar

Total weight	Approximately 22 t
Internally mounted turret	
Aiming device	Manual
Aiming range	±45°
Aiming device	Statically stabilized periscope by Hensoldt/Diehl and a collimator by Hensoldt
Reflecting square	7 for the commandant
All-round vision periscope	For the gunner
Main armament	
Length of tube	1.80 m
Firing rate	Approximately 15 rounds/minute
Maximum range	Approximately 6,800 m for DM-11A4 projectile Approximately 8,000 m for a range-augmented projectile

Self-Propelled 120-mm Mortar (continued)

Ammunition in turret	Approximately 20 rounds
Ammunition carried on vehicle	Approximately 60 rounds
Secondary weapons	7.62-mm machine gun with 250 rounds belted 300 rounds carried on the vehicle

5911
CSO: 3620/814

THOMSON REPORTEDLY TO RESTRUCTURE MILITARY BRANCH

Paris L'HUMANITE in French 6 Sep 86 p 8

[Article by Pierre Laurent]

[Text] It was a full week at Thomson: salaried management employees meeting with chairman of the board Alain Gomez; the group committee and company central committee summoned on the same morning, 5 September; branch committees of several subsidiaries meeting one after the other.

What is behind the commotion, which top executives seem to want to downplay? Actually, it is a reorganization of the firm's military branch that is commencing and its consequences could well shake the whole Thomson structure.

The current military branch of the firm, called the Equipment and Systems Branch (BES), is being split into three sections: an aeronautical branch, a systems and weapons branch and a detection, control and communications systems branch. A fourth section includes the financial and service activities of the group.

At first glance, there is nothing much to make a fuss about. No one is talking about any restructuration, much less of overall plans to eliminate jobs. Management has called the reorganization a "redefinition of perimeters."

And yet, it is serious business: an actual breakup of the strategic branch of the group in order, to use the phrase of Alain Gomez, "to put it in a position to seize any opportunity of linking up with French or foreign enterprises." At the proper time, a given branch might become a company and see 50 percent of its capital taken over by an American or British firm.

For the government, which, with public weapons orders, holds one of the keys to the very life of the enterprise, as well as for company management, the purpose is clear: to encourage the integration of our military activities into a Euro-American strategy. For the group, only financial profits matter. Little do national independence and the creation of wealth on national soil count, any more than cooperation with Third World or socialist countries.

Thus it is that Sodeteg, an engineering subsidiary of Thomson, which, in addition to military facilities, builds hospitals in the Third World or delivers turnkey plants to socialist countries, will now be integrated into the firm's military branch. Increasingly, this steering of the firm's activities and products by military programs dictated by Reagan will be stepped up to the detriment of French production activities.

The abandonment of different types of production will be further reinforced by the enormous financial needs implied by this strategy of foreign alliances and purchasing. Sales such as those of Socapex in component parts bring in substantial short-term gains. They could be multiplied in all the branches of the firm.

Effects on employment will inevitably be major. One figure bandied about by different management circles is 10 percent of all jobs eliminated. In a branch that has 42,000 wage earners, one can see the implications.

Operations already carried out give an idea of what lies ahead. In component parts, with Thomson selling Socapex in France and buying Mostek in the United States, management has just announced the elimination of 1,000 jobs at Elfis, one of the firm's most modern plants.

Another example: the RITA contract signed with the Pentagon and presented as the contract of the century. Actually, for a few royalties, RITA technology was sold to the American GTE, which now competes with Thomson on all potential markets. The jobs and manufacture have gone to the United States. At the present time, RITA manufacturing will involve some 20 persons in France and total only 8 million francs for all of 1986.

Is the announcement of this reorganization linked with the coming return of the the firm to the private sector? The current process bears no resemblance to a break: the breakdown into component parts where the public has already shown the way. Alain Gomez, the socialist chairman of the board brought back by Chirac, is the first to admit it. But the restoration to private ownership will prod Gomez into plunging into this strategy of surrender and military integration.

The breakup of the military branch is therefore but the first phase. The essential thrust will come bit by bit, company by company. This is where the strategy might break down. Wage earners, like those at Sodeteg fighting to continue their civil engineering activities, those in the medical branch who prevented the sale of the CGR and those at Thomson-Sartrouville, fighting to develop civil applications of radar and detection, have already proved it.

11,464
CSO: 3519/246

BRIEFS

IRAQI DEBT REPAYMENT--Iraq will repay its debt to Cyprus in currency, not in oil. At least, this is the promise made to Minister of Finance Khr. Mavrellis and to the members of the Cypriot delegation by Iraqi Government authorities. According to information reaching our newspaper, the Iraqi Government rejected a proposal by Mr Mavrellis to settle its debt to the Cypriot Government by supplying it with oil of equivalent value. Specifically, the Iraqis maintained that the repayment of debts to various countries in oil is not within the framework of their policy. For this reason, and so as not to create a precedent in relation to other countries, the Iraqi Government rejected our proposal, according to which its 33-million dollar debt could be settled through oil shipments. On the contrary, the Iraqis promised to repay their debt to Cyprus in currency, beginning to gradually repay those amounts that have already fallen due. These amounts represent only 5 million dollars, and they will have priority. As for the rest (28 million dollars), we have learned that the Iraqi Government promised Mr Mavrellis to settle the debt at the exact time when payments come due. Meanwhile, Cyprus agreed to purchase 20,000 tons of Iraqi crude oil at the prevailing price on the date of purchase. The oil is expected to be delivered at the end of the week, and it is estimated that it will cost us about 2 million dollars if international prices remain at their present level, that is, 13.5 dollars a barrel. [Excerpt] [Nicosia I SIMERINI in Greek 27 Aug 86 p 14] /8309

CSO: 3521/253

END

JPRS-WER-86-101

14 OCTOBER 1986

West Europe Report

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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14 OCTOBER 1986

WEST EUROPE REPORT

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ECONOMICS, DEFENSE BIGGEST AGENDA ITEMS AS FOLKETING RETURNS

Government Already Eyeing Elections

Copenhagen BERLINGSKE AFTEN in Danish 22-28 Aug 86 p 2

[Commentary by Solveig Rodsgaard: "Election Campaign Beginning Soon--Government Wants to Go On Offensive"; first paragraph is BERLINGSKE AFTEN introduction]

[Text] The government will meet next week to plan its strategy for the assembly of the Folketing. The government wants to demonstrate vigor and unity so that its profile is clear when the Folketing election arrives.

Just 14 days before its fourth birthday the government is meeting next week in a two-day "profile session" during which the government's policy for the last part of this election period will be established. The intention in the coming month is to work out a distinctive opening speech for the opening of the Folketing and thereby demonstrate such a vigorous government that they will really be opening the election campaign this fall, even though the election will presumably not take place until the fall of 1987.

When Prime Minister Poul Schluter gives the opening speech in the Folketing on 7 October, the summer debates on the large balance of payments deficit, the shifts of ministers, fabrication of questions by ministers and internal divisions between the government parties will preferably be forgotten. The opening speech will reveal a strong four-party government, and in the days immediately following the opening of the Folketing a number of ministers will introduce some extensive bills.

The government's profile session will be held 28 and 29 August at Sauntehus in Nordjylland, and here the ministers will report on political considerations and legislative initiatives. It is expected that the agenda will include reports on, among other things, OD [economic democracy], considerations of pension reform, the heralded dynamic industrial policy, the coming negotiations on a new defense compromise and the general economic situation. As for the last, the government must now acknowledge that it will not succeed in equalizing the balance of payments in 1988, and this year the government expects a deficit in the balance of payments of 28 billion kroner. The central question, namely the wage agreement negotiations, will naturally also be discussed, even though the government has clearly stated that the parties to the labor market must settle that themselves.

The offensive by the government was made necessary by a dull spring during which several members of government parties admitted that initiative was lacking. That was mostly attributed to the political depression following the implementation of the Easter package and concern in the government parties following the government reorganization in March, and also now the government parties must acknowledge that musketeer voting from September 1982 is in the process of toning down a little. From a beginning in which the four nonsocialist parties accomplished the unexpected and managed to get through all the difficulties, where the Social Democrats expected defeat for the government, they are now approaching the opposite situation. Now expectations are so great that the government is having difficulty living up to them.

There are already splits among the government parties at the Sauntehus meeting. Following the summer meeting of the Conservative group yesterday the powerful group chairman Knud Ostergaard regretted that the individual government parties had recently shown independence in debate. The criticism must be seen against the background of CD [Center Democrats] and KRF [Christian People's Party] showing increasing aversion to conforming to the agreement that energy prices must not lead to increased consumption in connection with the falling dollar rate and the falling energy prices. The agreement was made in March between the government and the Radical Liberal Party at the time of the compromise on the Easter Package.

The Liberal Party has also pushed itself ahead during the summer debate, especially with ideas in the economic area. It has not been many days since the party's vice chairman, Anders Fogh Rasmussen, proposed that the government, together with the Radical Liberal Party, should this fall propose a joint plan to advance private savings. He believes that pension reform would be an important element so that private saving for pension purposes would increase, and at the same time he says that the situation for the balance of trade is so serious that "we cannot afford small measures in economic policy."

The prime minister is officially unconcerned about the positions of CD and KRF toward the energy agreement. He believes that all parties will conform to it.

At the same time as efforts to remove the momentary disagreement among the government parties, some other issues have come up on the agenda. Arne Melchior's departure as minister for public works, communication and transportation based on the National Auditing Board's report on the accounting conditions in the ministry has affected the government more than was immediately believed. And Minister of Agriculture Britta Schall Holberg's mass production of answers to still unasked questions has also caused irritation in the government parties. At the same time a public debate is foreseen, brought about mostly by the Social Democrats when the Finance Committee during the fall deals with a review of the travel activities of all the ministries.

Ministries

Members of the government have not seen so much of each other during the summer, and the last ministers' meeting before summer vacation was not held in the best atmosphere, according to several people. The meeting was held on 17 June, and it was at that meeting that the prime minister sharply criticized the absent Foreign Minister Uffe Ellemann-Jensen because the foreign minister, the day before on a trip to South America, had threatened a security policy Folketing election in the fall after some statement by Social Democrat chairman Anker Jorgensen. It is the prime minister and only the prime minister who can publicly announce what the government can live with or not.

During the summer the prime minister held two breakfast meetings for the ministers who had returned from vacation and had the time to participate. The political situation was discussed and some good advice was developed.

On 14 August the government held the first minister meeting following the summer vacation, but it was rather short and concerned the finance bill exclusively, which Finance Minister Palle Simonsen introduced the next day. Last Tuesday was the ordinary minister meeting, but next week at Sauntehus there will be possibilities for expanded political debate and more informal fellowship.

Paper Views Fourth Anniversary

Copenhagen BERLINGSKE TIDENDE in Danish 30 Aug 86 p 10

[Editorial: "The Fifth Year"]

[Text] The government is entering its fifth year. Who would have thought that it had such unusual vitality under our parliamentary conditions? It came in in 1982 against the background of a summer which brought social development closer and closer to the precipice. It came in because the Social Democrats simply gave up. It was created from parties which were forced into unity because there was no other possible solution. Would it be other than a new episode in a chain of crises and defeats for representative government? It was met with hopes, but without great expectations. But in several days it will have governed for four years, and it is not about to fall.

There is wormwood in the cup from which the ministers are drinking their birthday toasts. This has not been a fortunate summer. During the first years the government could win popularity, even though its economic policies demanded deep intervention in a number of areas. The people understood that it was necessary to turn many things upside down. And they could confirm that amazing results were achieved. Optimism reigned, and the prime minister was on the crest of a happy wave. Gradually expectations were created which should be fulfilled when the worst was behind. Is it a national freedom from care that we have put our trust in, that exports will overcome the last great problems, and we now let consumption grow? Now the prime minister is talking about intervention, and the reaction will not fail to come. People are beginning to be afraid that this government will end like all the rest. That it will be forced to its knees by conditions that it cannot cope with, and once more the people will pay the price.

It is hardly necessary to go so crazy. Any government which has been in power for very long will come to a period when it must recognize the risk of defeat. It needs to confirm its ability to lead social development. Therefore the program which the government presents at the opening of the new Folketing session is awaited with excitement. For this program will show whether the government still has the will and the strength to formulate and carry out the necessary policies. This is what the ministers have talked about behind closed doors for two days. Is it capable of formulating a policy which can conquer a beginning crisis of confidence before the public? One may think that, and the basis for such a hope is simple necessity. If one does not look after the immediate requirements, the whole thing can be lost.

The government parties and their friends the Radical Liberal Party are undoubtedly facing a challenge greater than that they faced four years ago. They will make important decisions, realizing that this is the last whole working year before the expiration of the election period. It is not made easier by the voters waiting around the corner.

Government's Economic Record Assessed

Copenhagen BERLINGSKE TIDENDE in Danish 17 Aug 86 Sect III p 9

[Commentary by Frank Dahlgaard: "Poul Schluter's Success and Failure"]

[Text] The government has had a tremendous success with its policy of creating jobs, but an equally tremendous failure with its balance of payments policy.

Since the change of government four years ago 182,100 new jobs have been established in Denmark. During the same period the deficit in the balance of payments has grown by fully 14 billion kroner. For each million kroner that the payments deficit has grown under the Schluter government, 13 new jobs have been created.

On the other hand, every new job has "cost" 77,500 kroner of the balance of payments.

An analysis of the development in employment and the balance of payments shows a surprisingly close connection between the two: Growing employment is accompanied by growing currency deficit, and falling employment leads to a falling deficit abroad.

The dilemma is classic, but extremely current.

The graph shows developments in employment and payment balance deficit quarter for quarter since the beginning of 1979.

The upper curve of employment is based on employers' ATP [General Supplementary Pension System] payments. The figures are seasonally corrected by Danmarks Statistik and give the employment of wage earners on a full-time basis. For example, two half-time employees equal one full-time employee.

The lower curve gives the deficit in the balance of payments at any time for every quarter. The balance of payments curve shows the real development, eliminating seasonal swings.

A Mirror Image

The graph shows that the two curves are practically mirror images of each other--so that a development in the balance of payments often follows one quarter after a development in employment:

Employment reaches a temporary top in the first quarter of 1980, while the deficit in the balance of payments reaches a top the following quarter. Correspondingly employment reaches a new low in the first quarter of 1981 while the deficit in the balance of payments reaches its minimum the following quarter. Employment stops growing in the third and fourth quarters of 1982, and shortly thereafter a reduction in the balance of payments deficit begins.

There is naturally an explanation for the close agreement between the development of the two curves.

The size of wage earner employment is an expression of the economic activity in Denmark. More people going to work means the people have greater incomes and more purchasing power, and that invariably leads to increased consumption. At the same time the creation of more jobs means that business is investing more in production equipment. Both growing consumption and growing investment cause greater imports. Therefore growing balance of payments deficits follow increasing employment.

On the other hand falling employment leads to a decline in consumption and investments, which brings down imports and improves the balance of payments.

'Take Off' in 1983/84

When the four-party government came in during the third quarter of 1982, 1,782,400 wage earners worked on a full-time basis. At the same time the balance of payments for the last four quarters (fourth quarter of 81-third quarter of 82) showed a deficit of 18.6 billion kroner.

Today (second quarter of 86) 1,964,500 wage earners are working--a growth since the change of government of 182,100. In exchange the balance of payments deficit during the last four quarters has risen to 32.7 billion. See the chart.

Anker Jorgensens's and Svend Auken's bragging would have known no bounds if they had been able to create half as many jobs as the 182,100 created by the four-party government. The fact is that since Poul Schluter became prime minister, an average of 195 new jobs have been created every single working day!

As shown by the chart, growth in employment began in earnest in the first quarter 1984--after the government and the Radical Liberal Party were strengthened by the Folketing election of 1984.

Growth in the number of jobs came so rapidly and unusually in 1984 that Danmarks Statistik withheld the ATP figures for several months because it was believed that there must be an error. The figures were simply so good that the economists thought they were lies!

The chart shows that the great "take-off" for the Danish economy took place at about the start of 1984. Since then there has been a rapid advance in employment, and beginning at the same time the balance of payments has been in a steady and strong decline.

The first year and a half of the four-party government was encouraged by a strongly declining deficit in the balance of payments (but stagnating employment).

The deficit in the four quarters up to and including the fourth quarter of 1983 was only 12.8 billion kroner--compared with 19.2 billion when the deficit peaked the year before. But suddenly the rapid development in the balance of payments stopped, and during the past 10 quarters the deficit grew contrary to all declarations of intention from the government. The other side of the coin, as shown by the chart, has been a rapid growth in the number of jobs.

The chart shows accelerated growth in both employment and deficit in the balance of payments from the second quarter of 1985. The similarity between the two curves--the "success" curve and the "failure" curve--is striking.

The opposition is criticizing the government and the Radical Liberal support party sharply for the growing deficit in the balance of payments. They glibly overlook the fact that the growing deficit has its background in an amazing success in employment.

The fact is, of course, that the four-party government has in practice given priority to employment over the balance of payments. Anker Jorgensen and Svend Auken should rejoice, and labor union leaders should applaud this policy.

But they do not. They whine and sulk and express their "deep concern" about developments in the balance of payments.

That is the reformed world.

Of course there is reason for concern over developments in the balance of payments, but that is not a basis for the panic which the opposition is persistently trying to stimulate.

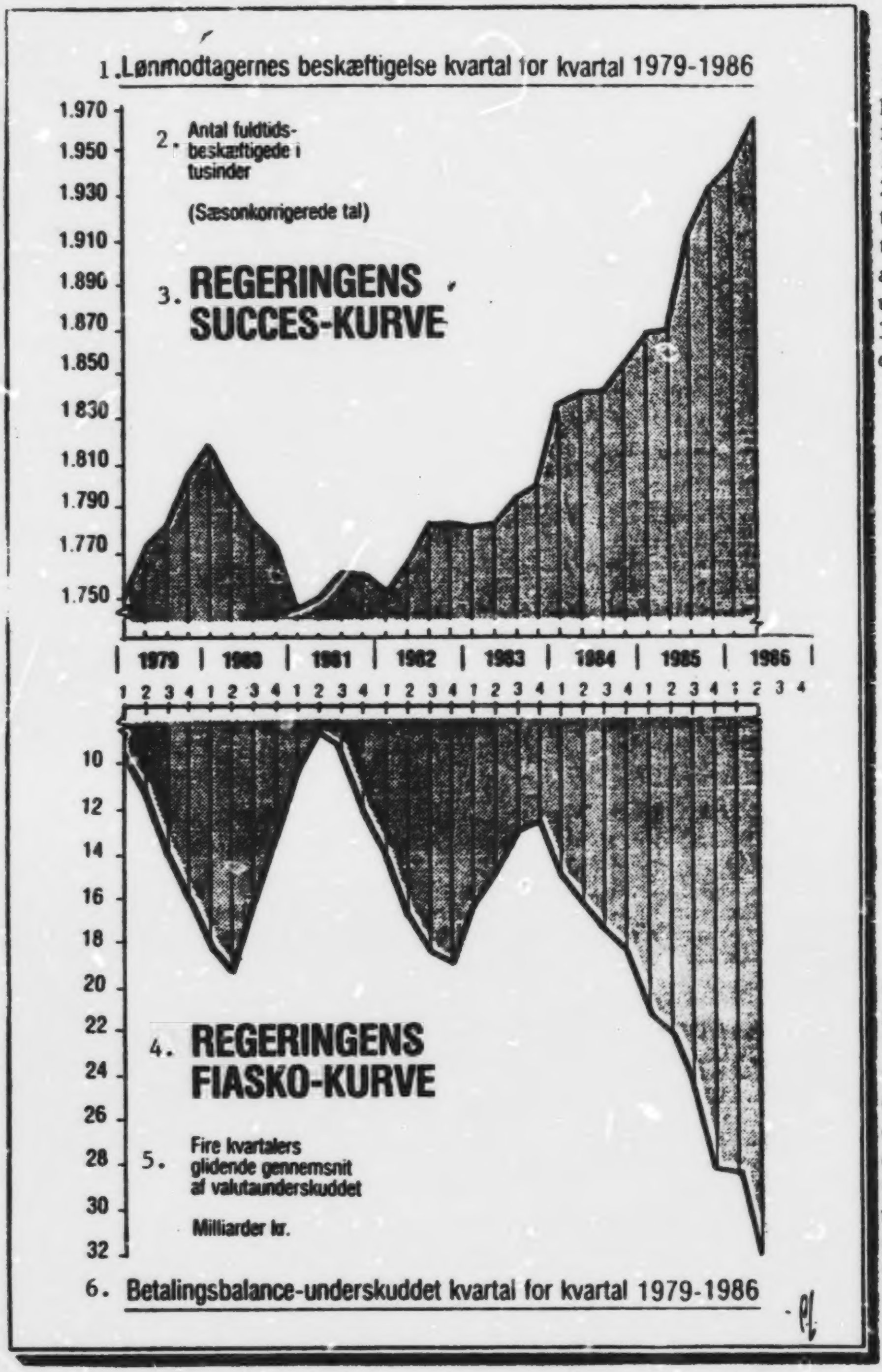
All indicators of economic development are now pointing in the direction of a decline in consumption, a decline in building activity and a stop in the growth of investment. That does not merely mean that the employment boom is finished, but that the government's "success curve" will no longer grow with the rapid tempo of the past couple of years.

It also means that the deficit in the balance of payments will fall markedly in the coming quarters, so that the government's "failure curve" will begin to point in the right direction.

We certainly stand at a turning point for both curves. Therefore the government should be careful to seize any opportunity to limit consumption during the autumn.

It is not, however, a law of nature that employment can only grow at the expense of a reduced balance of payments. If competitive ability is improved there will be a basis for greater export and more jobs in export businesses.

The trick is to keep the employment curve as a "success curve" and at the same time to change the government's "failure curve" into a success. That can be done, but it requires backbone on the part of the employers, and reason and solidarity on the part of the unions.



Key:

1. Wage earner employment quarter for quarter 1979-1986
2. Number of full-time employed in thousands (Seasonally corrected figures)
3. Government's success curve
4. Government's failure curve
5. Four quarters sliding average of bal. of pmts. deficit. Billions of kroner
6. Balance of payments deficit quarter by quarter 1979-1986

Schluter's Economic Optimism Viewed

Copenhagen BERLINGSKE TIDENDE in Danish 28 Aug 86 p 8

[Commentary by Helle Bygum: "Some Are Carefree, Others Are Sly"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The prime minister himself tried to give the Danish people optimism and a vision of the future. It was like pulling the cork from a bottle, and therefore we are consuming without regard to any future accounting. This is how the carefree Danes decide psychological and economic issues.

"Restored enterprise, optimism and confidence in the future, that will be a powerful--and indeed indispensible--lever which can guarantee that we will again have equilibrium in Denmark and the Danish economy."

That is an excerpt from Prime Minister Poul Schluter's opening speech in the Folketing on 10 September 1982.

Followed by the tangible, "It will be easier to be Danes."

And the Danes repaid by reacting "as when a cork is removed from a bottle," as the Radical Liberal Niels Helveg Petersen described what happened between us and the consumption pattern. And who now feel as though they have hangovers from the trade balance--as economist Anders Andersen said, "Freedom from care has won over the Danes."

Nils Helveg Petersen does not now have such a gloomy view of the trade figures or our stated freedom from care. "The most skillful business people have always been the importers, they are much more skillful than exporters," he says. And he believes that "freedom from care," a challenge to optimism was "what we needed to hear after years of national depression with oil crises, mass unemployment and shifting governments. Our nature as a people is sanguine... If it works, it works. And if it does not work, we will find something else. That also applies to our attitude toward the economy and borrowing."

Danish freedom from care is not of a recent date. Formerly the economists said that we were travelling first class toward the precipice. And even if there were years of belt tightening, the social scientists and economists see it as natural that we now want to hang onto the upswing. If only by installments.

As Director Torben Nielsen, economist, remarked, "Did not our prime minister himself say as recently as last year, 'Things are going inconceivably well!'"

A sentence that many believe that he would prefer today not to have said--if one could only take back spoken words.

Torben Nielsen said, "It is understandable that after years with high interest people are now taking advantage of low interest, to get a loan on the house and get that long-desired new kitchen, the new car, replace the tattered carpet and go abroad on a trip which one could not afford before. And why not borrow, when the neighbor does it, the banks invite you to do it, when an aggressive borrowing policy is in effect?"

It is said that our freedom from care springs from our lessons from childhood--the tax system has favored the borrower, punished the saver.

Oluf Lauth, a good observer of the Danes, does not really believe that we are carefree, but rather that it is the politicians who are. "We are not carefree, but the alarming figures in the trade balance do not tell us anything. They are too large for an individual family to grasp as anything that they are participants in or guilty of. And look at the politicians: the moment a nominal surplus of 300 million kroner appeared in the finance law they were stepping all over each other to recommend what the money should be used for. How can a family understand that they should save and consume less? And when we do not save, it is because we feel that money which is consumed cannot be taken from us--what if there is a new change of government, and a new intervention. Nobody seriously believes that inflation is gone forever, and Danish welfare is such that he/she has it good. We do not imagine that some have less.

Freedom From Care Vs. Slyness

"Yes, yes, the trade figures look alarming," say the economists, "but they are merged with the export decline, and that makes them look so monstrous. Our exports rose, so who cares?"

Economist Frank Dahlgaard looks at it this way: "Optimism in society is not merely something started by Schluter. His smile is of no importance, it is a matter of real economics. And when 185,000 more have jobs, and still more are not afraid of losing their jobs, so consumption expands. That is not carefreeness, it is entirely correct that they use their money. Nobody is sitting there and saying, 'Now I must pay attention to the balance of payments.' It must be the politicians' job, when Mr. Hansen and Mrs. Jensen do their private economics in an egotistical way, to form a policy which makes it sound for the entire economy in the final accounting."

Frank Dahlgaard does not see the carefree Dane as a reckless consumer who lives on credit. "The general population has received advances in pay, and uses them. But if one borrows at low interest in the belief that inflation is coming again, he is not carefree, he is sly and crafty. He is speculating on whether Schluter can hang on."

Responsibility of the National Bank Director

"Actually the figures on private consumption are on the way down, import of consumer goods is on the way down," said Torben Nielsen, "but we are not clever enough to export, we have a foreign trade pattern similar to Portugal and Greece. We are good at selling cookies to the United States, but world trade is a multinational activity, and Denmark consists of small industries.

"I do not believe that it can be said that Danes are carefree. Consumption is almost certainly credit-financed, but the government has made a big mistake: it listened to the director of the National Bank a year and a half ago when he said that we should liberalize the credit policy. That started a boom in consumer borrowing, so consumption rose more than real wages. The director of the National Bank has a very large responsibility for the balance of payments situation. When we do not voluntarily save, it is because most believe that inflation is coming back--and so it is. It is self-fulfilling. And to have 'something on the books' is not so important for a Dane... we have a social security system, and why save for old age, it only means that we will get less or no old age pension."

Frank Dahlgaard: "Denmark is actually a chronic deficit country. We have only had a balance or a surplus in wartime or during crises such as the 30's or the 50's--that's the way it is. And what countries have surpluses? There is Germany, Switzerland and Japan, while England, Italy and Denmark have deficits. Do we want to be like the Germans or the Japanese? I will say that if we can only have economic order on German conditions, then I do not want order in the economy."

Publicity expert Peter Hiort, who has helped many politicians with their profile, said, "During the entire Glistrup debate we had the impression that it pays to incur debts and advance oneself through borrowing. It was felt in the farthest reaches... If I were the government I would have a campaign which would inform people what it means to borrow. I would not warn them against borrowing, but inform them of the consequences of it."

Prime Minister Comments

Copenhagen BERLINGSKE TIDENDE in Danish 29 Aug 86 p 5

[Article by Ole Dall: "Poul Schluter: Optimism Is My Tool"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The prime minister does not believe that his "things are going unbelievably well" attitude has increased consumption, but Poul Schluter says that his optimism has contributed to a climate of starting. Now optimism will be used to stimulate saving.

"Things are going unbelievably well."

That famous statement fell on the ears of Conservative Party representatives on 12 April at Christiansborg. Poul Schluter's optimism reached new heights here, and as reported in BERLINGSKE TIDENDE yesterday, economist Torben Nielsen, among others,believes that Danes have taken the prime minister at his word, and have borrowed, purchased and travelled accordingly.

The prime minister has not forgotten his statement of last April:

"The problem is that occasionally one has the good fortune to form a sentence which is so idiomatic that it becomes a headline--and so it is often taken out of context. That happened in this case--not, however, for those who read the entire article in BERLINGSKE TIDENDE, where I stated the reasons for the statement," said Poul Schluter, and continued, "I maintained that since the middle of the 70's Danish society had been in a crisis, but nevertheless private and public consumption had risen by 20 and 40 percent respectively, measured in fixed prices. Therefore one could say that things are going unbelievably well. The crisis has not smashed our welfare and social security."

Are statements of that character contributing to increased consumption?

"No, in this connection I do not believe that the people's purchasing habits are guided by statements from politicians. But optimism--which I have used to a large extent as a tool--may possibly have contributed to creating a climate for starting and a 'now we will have an upswing' attitude. Think if that had not happened. We would have been in a gloomy situation marked by the same pessimism that there was in 1982. The problems of balance that we have today are being met under entirely different circumstances than then."

The prime minister emphasized that actual changes have created greater possibilities for consumption.

"In 1982 we had hundreds of businesses closing, and everybody was afraid for their jobs. Today there are about 185,000 extra at work, and we are experiencing that real wages are not falling. That is good enough, but we have still not gotten accustomed to the idea that it is not so smart to rush down and buy everything before the price goes up.

"Now we have very low inflation, and we will probably have it for a long time to come. But we Danes have the purchasing mentality, and now that the government has shown that we will adjust economic policies in October, there are some who think: We must hoard.

"But I recommend against that, because the prices of general goods are not going to rise."

Will the optimism now be aimed at saying that it can pay to save?

"Yes, that is very important. It will affect us all if almost the entire population is not more unified behind our economic fellowship. And our economic fellowship will have difficulties if all the groups of the population spend every copper they earn.

"In that case we would have to implement savings of billions or collect billions in taxes, and that is what the government wants to avoid."

Can the population be told to save?

"Attractive challenges are not enough. Reality must play a part. So far borrowing has been too favorable and too easy, and saving has paid too little. Tax reform is changing that, but more needs to be done."

What more will be done is being discussed by the government before the opening of the Folketing in October.

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CSO: 3613/197

MOST GREENLANDERS VIEW INDEPENDENCE MOVE AS UNREALISTIC

Helsinki HELSINGIN SANOMAT in Finnish 22, 23, 25 Aug 86

[Article by Antti Vahtera: "Greenland's Nature Rejects New Era, Traditional Fishing Grounds Endangered, Government Places Hopes on Minerals"]

[22 Aug 86 p 27]

[Text] Nuuk--Greenland's environment places seemingly insurmountable obstacles in the path of those who want to make a modern society out of this world's largest island, an autonomous province under Denmark.

Greenland's rocky soil is almost entirely covered by snow and ice. Its eastern coast is permanently covered with glaciers, which in the west extend to the vicinity of Nuuk. Ninety percent of the population is concentrated in the southern portions of the west coast.

Because of vast distances, travel can be accomplished only by ships -- there where it is possible -- as well as by aircraft and helicopters. Roads can be found only in the cities and their immediate vicinity, there are no railroads at all. Thus the problem of transportation is a serious obstacle to the development of the country.

Only a few natural economic means of livelihood are possible under Greenland's conditions. Agriculture is not a viable occupation at all, and animal husbandry can be practiced only on a limited basis. In recent years experiments with sheep-breeding have been conducted in Southern Greenland. Because of the cold, even this requires the construction of special shelters for sheep.

Fishing, especially the catching of seals and whales, continues to be an important part of Greenland's economy and culture. Even now 25 percent of Greenlanders make a living from the catching of seals.

As a new means of livelihood shrimp fishing, which has turned out to be quite profitable, is being developed. The shrimp processing plant in Nuuk handles 4,000--5,000 tons of shrimp annually, of which 95 percent is exported to Europe. The shrimp industry is being developed in cooperation with Canada.

Fishing Fleet Protected From EC

When Greenland withdrew from membership in the European Economic Community, EC, in a referendum, the protection of the fishing industry from foreign competition was the primary motive. Currently, the 200-nautical mile economic limit protects Greenland's fishing industry while payments from EC-countries fishing off the coast also help Greenland to renew its own fishing fleet.

The 5-year fishing fleet development plan, which will cost 300--400 million markkaa, is aimed at improving the shrimp catch. Competition from Norway and the USSR has reduced Greenland's share of the total shrimp catch.

On the other hand, improving the methods of fishing itself is a problem since it has reduced the harvest in many traditional fishing areas. It is, probably, at least a partial explanation for the reason that the schools of cod have disappeared from Greenland's waters. Indeed, this factor has increased the shrimp catch since shrimp are the primary source of food for cod.

Traditionally, fishing as well as other forms of hunting practiced by the Eskimos have been aimed at satisfying the basic needs of life. No part of the catch is wasted. The same principle is still observed there where it is at all possible. Greenland's officials emphatically point out that the Eskimos use seal and whale meat as a source of food.

Traditional Fishing and Hunting in Serious Difficulty

Currently, these traditional natural means of livelihood have encountered serious difficulties. The decrease in Greenland's whale population has prompted the International Whaling Commission to place strict limits on whaling. The quota is 220 whales over the next 2 years, which is too few according to Greenland's officials.

The problem in the area of seal hunting is the campaign conducted by the international environmental organization Greenpeace, which resulted in a ban on the hunting of baby seals on the east coast of Newfoundland in Canada. Even though the campaign was not directed at the hunting of seals by Eskimos -- presently, Greenpeace approves of hunting by indigenous inhabitants -- it is reflected as a depressing factor in the sales of seal skins.

Prices collapsed, and as a consequence Greenland's autonomous government presently has to support seal hunting while seal skins accumulate in warehouses. Therefore, Greenpeace is not liked in Greenland even though Greenlanders who understand the issue admit that the organization has become the scapegoat without being completely at fault itself.

Partly because of the difficulties encountered by natural means of livelihood, Greenland's economy is being squeezed. Prime Minister Johnathan Motzfeld told Nordic journalists that the need for savings is 0.4 billion kroner out of a budget of 1.6 billion kroner.

Economic problems may be complicated in the future by the fact that people in Denmark have begun to grow tired of subsidizing Greenland. There have been demands in the country to reduce the annual subsidy of approximately 1.6 billion markkaa.

Attempting To Develop Mining Industry

The reaction of Greenland's officials to these difficulties has been to expand economic activities especially in the direction of the mining industry. In principle, there are good opportunities for this in the sense that Greenland's glaciers are believed to conceal vast oil and mineral deposits under them.

Prospecting and trial drilling have already been accomplished in various parts of Greenland. Canada's Greenex Company has conducted studies from the air in an attempt to expand its mining operations to Greenland. Trial drillings accomplished on the east coast by the Atlantic Richfield Company point to oil deposits which could be commercially exploitable.

Prime Minister Motzfeld also told the Nordic journalists about an "interesting area" in Southern Greenland where there may be large mineral deposits. He also pointed out that a large portion of Greenland is a geologically unexplored area, from which unexpected wealth may be found.

Motzfeld also emphasized that Greenland itself has the right to determine the use of its own natural resources. The Ministry of Natural Resources has the right of veto in the exploitation of natural resources. The autonomous government has recently established a state oil company, whose task is to negotiate the exploitation of oil deposits with international companies.

Caution is not needed only for the prevention of economic colonialism. In the Arctic environment even the smallest traces of human activity remain on the landscape for decades. An oil spill would mean an outright catastrophe in such conditions.

Greenland's politicians are very aware of these problems. This is confirmed by parliament's decision to ban the exploitation of oil deposits in sea areas off the coast.

Tourism is also being developed. Approximately 15,000 tourists, primarily Danes, visit Greenland annually. Greenland's mountains, fjords, and glaciers offer the tourist breathtaking views, but the barrenness of the environment and long distances place effective obstacles to the development of mass tourism. Perhaps this is fortunate since mass tourism can also be a heavy burden on the environment.

In order to reduce its dependency on imported oil, Greenland's officials are planning to build five hydro-power plants, which will use lake water and melted snow.

[23 Aug 86 p 28]

[Text] Housing Shortage Impoverishes Life in Nuuk

The pressures of a modern society are, generally, the worst among the indigenous population. The leap from one culture to another has been exceptionally drastic. Greenland's Eskimos are a rare graphic example of this.

Eskimos -- or Inuits, as they prefer call themselves -- come from an old purely hunting and fishing culture, which was able to adapt to an extremely hostile environment amazingly well. In spite of the fact that fishing is still the country's most important industry, there are only traces of the old culture left.

Motorboats and Dog Teams

Tents have replaced the igloos, the traditional snow houses. Kayaks have been replaced by motorboats. Only the dog teams have retained their position since they have turned out to be more effective than snowmobiles in transporting fish catches from the ice.

The process of change took place gradually over the decades and accelerated rapidly in the 1950s under the guidance of Danish colonial officials. In 1953 Greenland became a part of the Kingdom of Denmark and became an autonomous province in 1979.

Today Greenland has become urbanized -- to the degree that the world's largest island with vast open spaces and a population of 43,000 people can become urbanized. This means that even though outlying villages have been vacated, the cities are still very small. There are 11,000 people in Nuuk or Godthab in Danish, the country's capital city.

Crowded Nuuk

Nuuk is small, but it is also crowded. Migration from the country has swollen and continues to swell its population. Approximately one-third of the population is Danish.

Migration from the country has resulted in a housing shortage. This also explains other problems -- but only partially. In the background, unseen and difficult to explain, are such factors as cultural disintegration and identity crises.

Greenland's society, whose living conditions dictated by old unwritten laws have been buried in the radical changes of modernization, was extremely vulnerable to outside influences. This in spite of the fact that the rule of Danish colonists became humane, educative, and understanding over the decades.

Indeed, it was the Danes who intentionally accelerated the process of urbanization sometime in the 1960s while observing the thinking of technical-economic benefit prevalent at the time. Now they openly admit the consequences of that policy. Some of them, indeed, are highly visible.

Beer From Kiosks

Uppermost among the problems is alcoholism, which as a number one national disease has replaced the old scourge, tuberculosis. Alcohol can be obtained from supermarkets and from many street kiosks. Around 10:00 o'clock in the evening, particularly on Friday and Saturday, young and old Eskimos buy beer by the case. Vast amounts are consumed in a short time, and, frequently, the drinking bouts end up in street fights or family tragedies.

The Eskimos' drinking habits create impressive statistics. Thirty million cans of beer are consumed annually. The annual consumption of alcoholic drinks calculated in pure alcohol is 21.3 million liters. This is nearly twice the amount consumed in the mother country, Denmark, where even there alcoholic consumption is nothing to spit at.

In part, this irresponsible use of alcohol is responsible for the uncleanliness of Nuuk's streets. Bottles and cans are frequently left to lie about the streets. Environmental hygiene is even, otherwise, haphazard.

Prostitution is also apparent, and is surprisingly open in Nuuk's hotels.

Gonorrhea and Abortion

We -- the Nordic journalists -- are told about Greenland's other social problems in Queen Ingrid's Hospital. There are 10,000--12,000 cases of venereal diseases, gonorrhea and syphilis, annually -- an enormous number compared to the country's population. There are 650 abortions per 1000 births. The "victims" are often young girls living in crowded conditions.

Accidents, murders, and suicides attributable to alcohol are common. Crib deaths occur especially in the countryside. A percentage of the newly born is injured because of the abuse of alcohol by parents.

A certain young girl in Nuuk relates that three of her friends have recently committed suicide because they felt that their lives had no meaning.

Progress Also Evident

The overall picture, indeed, has its bright side also. The average life expectancy of the Eskimo has increased perceptibly. Presently, it is 64 years for women and 55 for men. Just a few decades ago it was 25--30 years.

Medical care in Greenland is almost entirely free, only dental care is subject to payment by the patient. The traditional plagues burdening Greenland's society, particularly tuberculosis, have been eliminated. There is no real drug problem.

The humane attitude of the Danes is most evident in their crime policy. There are no jails, instead one finds a kind of open institution, in which criminals are given rehabilitation. Punishments are lenient: the initial sentence for murder is 8 years, and a 2--6-year sentence of "open prison" for rape. The worst offenders are sent to Denmark. The system is based on Greenland's old customary law.

Surprising Number of Mixed Marriages

Race relations are at least outwardly without problems. Danes and Eskimos, both young as well as old, associate with one another quite naturally. There is a surprisingly large number of mixed marriages.

Indeed, there are class differences even though they are not readily apparent. Danes, generally, receive a higher wage than Eskimos although differences in wages have become less in recent years. Naturally, there are class differences within the same race between educated and relatively wealthy Eskimos and the poor.

Those who have money can, indeed, enjoy the comforts of life. Nuuk's department stores are replete with all that can be offered by a modern consumer society. Shops dealing in radios and electronic equipment are especially popular among youth; the relative number of videos in Greenland is greater than anywhere else.

Eskimo politicians are aware of the seriousness of the social problems and are planning measures to deal with them. The toughest stand has been adopted by the Blue Cross movement, which is demanding a ban on alcoholic drinks. In practice this will mean prohibition legislation.

Other Eskimo politicians believe that the right way to deal with such crises is through strengthening autonomy, which will increase the self-esteem of the people.

Within the framework of this thinking genuine Greenland restaurants with indigenous music, dances, theater programs, and so on are being considered in Nuuk and other cities. Meetings attracting hundreds of people, at which the dangers of alcohol abuse and means to prevent it have been discussed, have been held in Nuuk's sports centers.

[25 Aug 86 p 22]

[Text] Few Hope for Independence in Greenland

In 1979 Greenland became an autonomous province under Danish rule. In practice, this meant that all branches of administration except foreign and defense policy were transferred into the hands of the Greenlanders themselves.

Nevertheless, the Danish contribution remained significant. Negotiations with the Danes are still conducted on the most important issues, and a small, but important group of Danes remained in the administrative institutions. Their expertise continues to be necessary in the handling of Greenland's affairs.

The government led by Prime Minister Jonathan Motzfeld has adopted as its goal the strengthening of autonomy in the manner of the Faroe Islands where all the officials are from the local population. This was the original goal of his Siumut Party.

The Atassut Party, which is in opposition, on the other hand, wants to maintain good relations with Denmark and to raise Greenland's society to the level of other countries by emphasizing education. Both Siumut and Atassut have 12 representatives each in Greenland's parliament.

Minority Promotes Independence

The small left-wing Inuit Ataqatigiit Party is promoting independence for Greenland, a goal which the other parties -- and the majority of Greenlanders -- reject as unrealistic. The Inuit Atagatigiit Party has only two seats in parliament, but it supports Motzfeld's government. Its pivotal role in parliament gives it a considerable voice with respect to the size of the party.

Greenland has two permanent members in Denmark's parliament.

When Greenland withdrew from the European Community in 1982, the Siumut and Atagatigiit parties supported the withdrawal while Atassut, on the other hand, supported continued membership in the community.

A Rare Language

The strengthening of autonomy seems to be relatively modest as a goal, but under Greenland's conditions it is anything but an easy task. The differences between the indigenous Eskimo culture and Danish culture or generally between it and a Western consumer society are enormous.

They are reflected, for example, in the language spoken in Greenland, which as a polysynthetic language combining several concepts into the same word is not similar to any other written language.

Even though no Greenlander even thinks about a return to the past, Geenlanders do, indeed, want to retain that in their culture which is of value and adaptable to modern conditions.

There Is No University

Education is in a key position in the aspiration to strengthen autonomy. Even in this, exceptional geographical and social conditions raise many difficult obstacles. For example, the establishment of a university in a county in which distances are vast and the population is only 43,000, of whom Danes comprise about 10,000, can hardly be imagined as a relevant solution.

Therefore, Eskimos aspiring to a higher education are forced to find it abroad, primarily at Danish universities. However, adapting to unfamiliar conditions has caused overwhelming difficulties for some.

The Inuit Institute, which is a kind of first step toward a university, has been operating in Nuuk since the beginning of the 1980s. The intent is to expand its 2-year course to 5 years. The institute's most important project is the compiling of a Greenland dictionary. The country's history, literature, and natural resources are also studied there.

Instruction in Two Languages

The educational system was established in the 1950s on the basis of the Danish model. Presently, instruction in the cities is in Danish, and the native language of Greenland in the villages. In urban schools the native language is taught as an elective subject 2 hours a week. Traditional skills, such as the hunting of seal and whale, are also taught as elective subjects.

In the opinion of many Eskimos, the educational system is not sufficiently "Greenlandized". The teachers' college in Nuuk has become a seat of political activism. The students are demanding faster changes and a reduction of the Danish contribution. Slogans on the walls condemn the study courses since they are considered to bring in too many "Danish teachers" and promote "economic colonialism".

Many Greenlanders see the maintaining of ties with Denmark as necessary. They are concerned that many Danes will leave Greenland at a time when the days of "big money" are over and preference is being given to the indigenous population in many jobs.

"Assistance Is Based on Guilt"

The desire of Danes to leave is also increased by the fact that they cannot earn as much money in Greenland as in Denmark. For example, the salaries of those in government service are 30 percent less in Greenland than in Denmark. Denmark's trade unions have exerted pressure so that the difference would remain as before.

On the other hand, social programs and care are highly developed. Also the tax on automobiles is extremely low, which is, perhaps, a means of enticing Danes to come to the country and to keep them there.

H. C. Petersen, who works as a teacher and researcher at the Inuit Institute, says that Denmark's desire to assist the indigenous population of Greenland is, to a great degree, based on a guilty conscience. An awareness of the actual conditions in Greenland came as a shock to the Danes. The drastic urbanization process of the 1960s, especially, was recognized as a mistake, and its consequence has been the difficult social problems of the Eskimo population.

Petersen believes these problems will be alleviated in time. He does not see the threat of any kind of revolution in Greenland.

Language Retained

In spite of the Danish name, Petersen is of Eskimo or Inuit origin. Danish missionaries, the first of whom, Hans Egede, arrived in Greenland in 1723 already, gave the indigenous population Danish names. Thus, the names of many educated Greenlanders are Danish.

In spite of this, the native language of Greenland has remained surprisingly vigorous and vital. The two newspapers published in Nuuk are printed in Danish as well as in the native language. Of the radio programs, 65 percent is transmitted in the language of the native population while only 5 percent of the television programming is transmitted in the local language.

Classics translated into the native language of Greenland as well as a beautifully illustrated book on birds exclusively in the local language, for example, can be found in Nuuk's bookstores.

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GENERAL'S MEMOIRS DESCRIBING FRUNZE TIMES STIRS CONTROVERSY

General Staff Opposed Accounting

Helsinki HELSINGIN SANOMAT in Finnish 28 Aug 86 p 9

[Article: "WSOY's General Manager Assures Us: Frunze Volume Condemned by Army Will Be Published"]

[Text] Condemned by the General Staff, a Finnish officer's description of his studies at a military academy in Moscow is to be published under threat of a charge of treason. This is what Werner Soderstrom Company (WSOY) general manager Hannu Tarmio said, in whose opinion the Army high command is acting unpatriotically in attempting to prevent publication of Maj Gen Pentti Syrja's book.

Syrja's book, "Gruppa Finlandiya" [The Finland Group] gives an account of Moscow's Frunze Military Academy, at which Syrja studied for a year along with three other Finnish officers in the early 1970's. Syrja belonged to the first group of students who had an opportunity to familiarize themselves with military training in Moscow on the initiative of President Urho Kekkonen and the Soviet defense minister. Right now there are four Finnish officers studying in the Soviet Union.

Fifteen years after his student days, Syrja has assembled his notes into a book which, as things look now, WSOY plans to publish in September, despite the General Staff's anger.

The General Staff command has both verbally and in writing attempted to get the author and the publisher to give up the plan, appealing to them to comply with their duty to maintain secrecy as well as the rules governing the publication of documents and, according to Tarmio, for political reasons.

All Materials Must Be Destroyed

In a letter signed by the chief of the General Staff, Vice Adm Jan Klenberg, and assessor Kalervo Artema, they propose to general manager Hannu Tarmio that WSOY abandon publication of the book and destroy all the materials.

"Syrja's manuscript contains information that must be kept secret, publication of which could jeopardize the interests of national defense and the nation's relations with a foreign state," Klenberg and Artema wrote.

According to them, the group headed by Syrja's experiences with the course of studies were at one time assembled in the General Staff into a secret document, from which Syrja excerpted direct quotations in his book.

The General Staff pointed out that, in order to preserve relations of trust with officials of foreign states, in Finland we have adopted the practice of seeing to it that foreign training is always confidential or secret in its key aspects.

The publisher asked the General Staff for particulars and received so many that, in the publisher's opinion, carrying out the General Staff's wishes would have removed the whole basis for the book.

"Highly Placed Officials Rubbed the Wrong Way"

In general manager Hannu Tarmio's opinion, the behavior of the General Staff command is both incredible and discouraging.

"I myself requested that the manuscript of the book be forwarded to the General Staff so that the author would not unknowingly harm himself."

According to Tarmio, the author met with Commander Jaakko Valtanen and received a very favorable response to his book.

A couple of weeks ago, however, according to what Tarmio said, he received a surprising phone call at his home.

"Valtanen asked me whether the book could be left unpublished because both our military attache in Moscow and highly placed political officials in Moscow as well as in Helsinki have been rubbed the wrong way by it."

When Tarmio did not agree to do so, according to him, Valtanen said that the materials would have to be published as secrets.

During the next phase, the General Staff command, according to Tarmio, threatened that the book would in any case be scrapped. Tarmio said that Maj Gen Syrja had received a letter in which the writer demanded that he turn over the secret materials to the Armed Forces under threat of being charged. "Syrja said that he would rather destroy the notes."

The author could not be reached on Wednesday evening.

In the Nature of a Travel Account

According to Tarmio, the book has, according to jurists and military experts, been examined so many times that it does not contain a single military secret. All the secret military information in the book has been published in even more detailed fashion, Tarmio maintained.

According to him, the book is very respectful of the Soviet Union and is in the nature of a travel account.

In the first chapter Syrja among other things relates, according to the publisher, how gloves purchased at the Stockman department store were stolen from him in Moscow.

In Tarmio's opinion, the top Finnish officers have in the dispute over the book shown themselves to be very submissive in their relations with Soviet officials.

In Tarmio's opinion, the consequences throughout the world would have been upsetting if they had acted as the General Staff wanted them to and refused to publish the book: "It would have confirmed the picture of Finland as a self-censoring country. Would that have been patriotism?"

Klenberg Denies

Vice Adm Jan Klenberg denies that Soviet officials had anything to do with the dispute over the book.

According to Klenberg, the way the General Staff reacted was based solely on the fact that there is information in the book that must be kept secret. Klenberg denies that the General Staff at any point reacted favorably to Syrja's manuscript. According to him, when the General Staff discussed the manuscript with the author, they got the impression that the book would not be published.

"We realize that the publisher is in a sticky situation and we regret the fact."

Any possible charges, according to Klenberg, will be a matter for the Attorney General's Office if the book is published against the wishes of the General Staff.

According to Tarmio, the book will be released.

General Syrja Defends Book

Helsinki HELSINGIN SANOMAT in Finnish 29 Aug 86 p 10

[Article: "Frunze Memoirs Author Pentti Syrja: 'The Army Has Made a Mountain out of a Molehill'"]

[Text] Maj Gen Pentti Syrja thinks that the General Staff has made a mountain out of a molehill with the fuss it has raised over his book about Frunze. The book, which describes life at the Moscow military academy, does not, according to the author, contain any secret military materials. The book will be published in September.

Familiar with the manuscript, the General Staff is of a different opinion and has demanded that Syrja's book not be published because it may jeopardize the interests of national defense and the nation's relations with a foreign state.

The General Staff has warned that publication of the book may result in charges being filed. Justice officials will, however, decide on them.

In his controversial book, "Gruppa Finlandiya," Syrja relates his experiences in the course of studies for commanding officers at the Frunze Military Academy in Moscow in the early 1970's. Syrja spent a year at the famous military academy along with three other Finnish officers.

The Army command has tried to pressure both the publisher, WSOY, and the author into abandoning the plan. According to the General Staff, Syrja and his traveling companions' experiences in the course were assembled into a secret document in the General Staff, one from which Syrja excerpted direct quotations for his book.

"We three did indeed make a report of our trip, but I don't have a copy of it. That's why it's impossible that there were any direct quotations from a secret document in my book," Syrja said.

"Besides, there are no clearcut provisions in the Army as to what is secret and what is not. That is decided on one case at a time."

As a former professional soldier, Syrja said that he knows that the military generally label everything that falls into their hands secret. "It makes them feel important."

"Every Word Carefully Considered"

Syrja denies having written anything that might offend the Soviet Armed Forces.

"I'm in possession of the ability to consider the case."

Besides, Syrja thinks that he knows the Soviet military command's tolerance limit better than does the General Staff command, which has never spent a year in the Moscow military academy.

"Even as I was writing the book, I realized that the subject is a delicate one. That's why I carefully considered what I was putting down on paper. I will assume responsibility for the text even at a treason trial. They don't scare me with that."

Syrja said that he would have had no peace of mind if he had given in to pressure.

"As a Finn and an officer, I must have freedom of speech. I stick to that principle."

At the time Syrja discussed the manuscript with Armed Forces Commander Gen Jaakko Valtanen and felt that Valtanen liked his book.

"Valtanen suggested that I rewrite two passages. I promised to do so and I did."

The General Staff has a different understanding of what was agreed on between the author and Valtanen.

Valtanen himself could not be reached on Thursday. He announced through his subordinates that he did not want to participate in the discussion at this point.

General Staff Information Bureau chief Olli Nepponen said that the Armed Forces commander had trusted Syrja to make the changes as promised. However, according to Nepponen, this did not happen. After that, the General Staff began to pressure the publisher.

"Silence Ordered"

Syrja said that he did not know why the General Staff had attacked his book.

"I suppose that someone gave the order to silence Syrja."

WSOY general manager Hannu Tarmio thought that there were political reasons behind the General Staff's growling and the different kind of social attitude of the Soviet military. According to Tarmio, officers do not write memoirs in the Soviet Union.

"Perhaps continuation of the training of Finns in Moscow has been questioned and that is why the General Staff reacted as it did."

Maj Gen Syrja is 66 years old. He retired from his duties as commander of the Savo-Karelia Military District 7 years ago.

Concise Book, Old Information

Syrja's book is in the nature of a travel account of the studies and experiences of three Finnish officers at the Frunze Military Academy in the Soviet Union.

In the book the methods of study at the Frunze Academy are described and map exercises are presented with the aid of several examples. Among the exercises referred to are a defensive campaign in Korea, a nuclear war in Iran and an offensive war in Europe.

A very large portion of the concise book deals with the way the Finns spend their leisure time in a closed Soviet society.

According to the publisher, there is nothing in the book that might not have appeared in more complete form and of more recent vintage in other military literature.

Armed Forces Commander Comments

Helsinki HELSINGIN SANOMAT in Finnish 30 Aug 86 pp 3, 14

[Commentary by Armed Forces Commander Jaakko Valtanen: "WSOY Is Using Freedom of Speech to Benefit Sales"]

[Text] On Friday Armed Forces Commander Gen Jaakko Valtanen assumed a firm stance on the dispute between the General Staff and the WSOY publishing company over retired Maj Gen Pentti Syrja's memoirs, which involve Syrja and two other Finnish officers' studies at the Frunze Military Academy in 1972.

In Valtanen's opinion, WSOY and Syrja are at present conducting "a publicity and sales campaign for the book by appealing to freedom of speech" as a result of the General Staff statement.

The General Staff has demanded of Syrja's publisher, WSOY, that it not publish Gen Syrja's memoirs on the grounds that they contain secret and confidential information. Furthermore, the General Staff wanted WSOY to destroy any copies of the book that have been printed. The publishing company and the author have refused to agree to the General Staff's demands.

"I defend freedom of speech where Syrja does," Valtanen said in his written statement, and added: "Syrja does not, however, have the right to publish confidential and secret materials obtained in his official capacity in the hope of financial gain."

The Armed Forces commander pointed out that a government official's obligation to maintain secrecy is also indisputable when he is in retirement.

HELSINGIN SANOMAT is publishing an excerpt from Gen Syrja's memoirs on page 14.

"No Outsider Has Interfered with Syrja's Memoirs"

In the written statement he issued on Friday, Armed Forces Commander Gen Jaakko Valtanen rejected all suspicions that Soviet officials or other outsiders may have interfered with the memoirs written by Maj Gen Pentti Syrja, retired, and in that way influenced General Staff decisions.

The General Staff has demanded that Syrja's publisher, WSOY, abandon plans to publish memoirs written by Syrja about the year he spent in the early 1970's at the Soviet Frunze Military Academy. In the General Staff's opinion, Syrja has made public information that must be kept secret.

WSOY and Syrja are of a different opinion. The publisher still intends to publish the book.

General Valtanen's statement in its entirety is as follows: "WSOY sent the manuscript of Syrja's book to the General Staff last winter because they had doubts about the possibilities of publishing the information it contained.

"Syrja came to me in January. At the outset of our meeting I emphasized several times that the Armed Forces have neither the desire nor the power to serve as some sort of censor. Syrja has a free citizen's rights to write and speak.

I nevertheless informed him that the book contains information that must be kept confidential and secret, information the publication of which I regarded as dangerous. Syrja questioned my view of the matter. When I repeated myself and pointed out a couple of illustrative passages, Syrja said that he didn't want to rouse the displeasure of the Armed Forces and that the manuscript was only a draft. He promised to examine the text to see to it that no confidential and secret materials remained in it. Syrja, however, was afraid that the book would lose its appeal after the changes. I told him that we might look into the possibility of buying the manuscript as source and teaching material for the Armed Forces. Syrja sharply rejected this, announcing that he had a contract with a publisher. I felt that the book was smoothly written.

"Having trusted the general's word on the changes, we were pretty surprised when, looking over the proofs that had been sent to us, we noticed that no substantive changes had been made. Therefore, the situation had completely changed.

"No outsider had influenced the General Staff's actions, and not under any circumstances Soviet officials. The manuscript of the book had only been in the possession of the author and WSOY.

"Tarmio's (WSOY's general manager, Hannu Tarmio) statement that I had reported the military attaches' reactions is correct inasmuch as I had mentioned to him that Finland's military attaches in Moscow had seen particularly blaring ads for the book and were surprised at them. No domestic or foreign political officials have interfered in the matter.

"WSOY and Syrja are clearly conducting a publicity and sales campaign for the book by appealing to freedom of speech as a result of the General Staff's memorandum. I defend freedom of speech where Syrja does. Syrja does not, however, have the right to publish confidential and secret materials obtained in his official capacity in the hope of financial gain. As a soldier, Syrja knows this. Nor is what is militarily secret an optional matter either. Syrja knows that too. An official's obligation to maintain secrecy is also indisputable when he is in retirement."

Newspaper on Press Freedom

Helsinki HELSINGIN SANOMAT in Finnish 30 Aug 86 p 2

[Editorial: "New Book War"]

[Text] Our officials have a deeply ingrained tendency, which is incompatible with our political system, to guard the exercise of the freedoms of speech and the press, most often for reasons of foreign policy.

Last fall officials and politicians were on their guard because of the publication of Paasikivi's diaries. Up to and including the prime minister, they were concerned and voiced their doubts that people might not be capable of reading the book "in the right way." Now the Armed Forces high command is demanding that the publisher cancel publication of a retired general's memoirs of his life in Moscow and his studies at a Soviet military academy 15 years ago.

The General Staff's weapons are crude ones. They speak of the disclosure of military secrets and of endangering trust in us abroad. They are prepared to take publication of the book to court.

Since the book has not so far appeared, it is impossible for an outsider to judge claims that military secrets are revealed in it. In addition to the author, the publisher also sharply denies this, calling on his own experts. This bickering over the conditions set by the General Staff is meaningless: The Army says that it decides what is included under the heading of military secrets.

Instead of the disclosure of military secrets, the Army may be primarily concerned with how hypersensitively they are reacting to the Finnish officer's book in the Soviet Union and how this may affect the climate of friendly contacts with our Armed Forces.

Diplomats, reporters and students have for a long time now been writing descriptions of everyday life in Moscow. Why should retired officers be forbidden to do so? Let's hope that we are not making a mountain out of a molehill again.

The public controversy this has given rise to is troublesome. It will inevitably lead to extensions of the principle. Judging from advance information, the general's book of memoirs is probably not otherwise deserving of such a fuss.

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POLITICAL FINLAND

NEWSPAPERS AROUND COUNTRY VIEW CONSERVATIVES, PRESIDENT RACE

Weak Start into Race

Helsinki HELSINGIN SANOMAT in Finnish 27 Aug 86 p 2

[Editorial: "Conservative Party Returns to Starting Line"]

[Text] The Conservative Party has gotten off to an unquestionably weak start in the Finnish people's favorite pastime, the race for the presidency. When the Center Party (KEPU) got off to the start it had dreamed of with an early official stamp of approval of Vayrynen's candidacy, the Conservative Party was immediately next in line to wait for its turn to throw the dice. After that, in its turn it wound up on a square from which it had to go back to the start.

A real presidential race is not, as we well know, a crap game in which everything depends on a lucky roll of the dice. The Conservative Party leadership can blame itself for having behaved in a clumsy manner at the moment last spring when the KEPU got off to a false start.

At the time the Conservative Party still had a nearly self-evident presidential candidate, Harri Holkeri. It was so obvious that there did not seem to be any urgency in officially approving his candidacy. While the party leaders contented themselves with passively observing how the situation was developing, spontaneous discussion of the candidate arose among the rank and file during the summer. This has so far culminated in Speaker of Parliament Erkki Pystynen's appearing as a second official contender for the Conservative Party's presidential candidacy.

Chairman Ilkka Suominen assures us that he is content with Pystynen's participation. This will enable them to have a vote by the members of the party and the rank and file will have a chance to democratically influence the selection of the party's candidate. Actually, there are obvious features of the American primaries in the Conservative Party procedure. This will certainly appeal to the party's voters.

Viewed from this standpoint, parliamentary delegation chairwoman Ulla Puolanne's last-minute appeal to the effect that there was reason for Pystynen to consider entering the race for the candidacy must indeed be regarded as surprising. The appeal was, however, revealing. A race for the candidacy might put the unity of the party ranks to the test and shake confidence in the party leadership.

And what if Harri Holkeri should not prove to be as powerful a candidate in the member vote as the party leaders earlier assumed without any further consideration? What sort of authority would Ilkka Suominen have after that? Proposing a member vote was, after all, an alternative that was dreamed up very late in the game — to silence critics of the party leadership.

Straw Poll: Pystynen Trails

Helsinki HELSINGIN SANOMAT in Finnish 27 Aug 86 p 11

[Text] In its own [Tampere] cell the Conservative Party last week organized a vote at the Tampere fair on who would be the most suitable Conservative Party candidate for the presidency. There were 1,343 respondents. The votes were distributed as follows: 825 for Harri Holkeri, 245 for Raimo Ilaskivi, 95 for Ilkka Suominen, 36 for Mauno Koivisto, 34 for Erkki Pystynen, 19 for Paavo Vayrynen and 15 votes for Pertti Salolainen.

Editorial Roundup on Race

Helsinki HELSINGIN SANOMAT in Finnish 27 Aug 86 p 11

[Text] Ilaskivi's Votes Go to Pystynen

The anticipated Conservative Party member vote on its candidate for the presidency was the favored topic of editorials on Tuesday. Appearing in Tampere, Conservative Speaker Erkki Pystynen's home town, AAMULEHTI predicted a clean contest. The newspaper did not back either candidate.

"The Conservative Rank and file is certainly familiar with both Holkeri and Pystynen. It is also evident that the candidates, no more so than their supporters, will not lapse into a contest of the sort the Center Party's doctors engaged in in connection with the last presidential elections. Lord Mayor Raimo Ilaskivi's refusal to run has given rise to a situation in which Speaker Pystynen is garnering, in addition to support for himself, the votes of those who look askance at Holkeri regardless of the gentlemanly behavior of the candidates."

Pystynen Counted Votes

KANSAN UUTISET's Tampere columnist, Mauri Sirno, recalled the early days of Erkki Pystynen's political career on the Tampere Municipal Council. Sirno revealed the means employed to make a real Tampere politician out of a theoretician who was in the habit of making long speeches.

"When Erkki Pystynen appeared on the Tampere Council for the first time, even the veteran councilmen got to hear how the community should be governed. They would certainly have had to listen to those didactic lectures for years if chairman Vilho Halme had not finally lost his temper.

"The long-term politician by no means silenced the theoretician with an imperative command, but with wisdom, which really had an effect. You see, Halme told the esteemed professor to count the votes that had been dropped into the ballot box several times.

"Pystynen was, to be sure, aware that that job normally fell to the 'girls' on the council."

Internal Situation Will Be Clarified

Appearing in Vaasa, the Conservative POHJALAINEN predicted that the member vote would clarify the Conservative Party's internal situation.

"With the member vote the Conservative Party will now have an opportunity to clarify the situation. Not everyone will, of course, be satisfied with it. We may say, for example, that not the right people and issues will be gauged in the vote. But 100-percent satisfaction would indeed be suspicious."

Holkeri's Position Strengthened

The independent HAMEEN SANOMAT predicted that Pystynen's candidacy would strengthen Harri Holkeri's position.

"Thus it does not look as though party-internal harmony will be affected by the primary, perhaps just the opposite. The Conservative Party is now for the first time, in the member vote on the selection of a presidential candidate, laying the groundwork for allowing party members to make their choice as independent individuals. On the other hand, approval of Erkki Pystynen may further strengthen Harri Holkeri's position as most-favored candidate."

Will Hokeri Go Along with Them?

Appearing in Jyvaskyla, the KEPU's KESKISUOMALAINEN reminded us that Harri Holkeri has not yet given his consent to being a candidate.

"The member vote will determine whether Holkeri goes along with us. If, surprisingly, he refuses the honor and recommends that his party without prejudice even stand behind Mauno Koivisto, the Conservative Party will be in a rather tight spot.

"It's as plain as day that Holkeri is not very happy with the new developments. A bump has been raised on his sovereignty. It can be patched with a wild idea."

Further Editorial Comments Summarized

Helsinki HELSINGIN SANOMAT in Finnish 28 Aug 86 p 9

[Text] Troops Lacking

Speaker of Parliament Erkki Pystynen has been conspicuously nominated as a candidate for the member vote in which a presidential candidate for the

Conservative Party will be chosen, SUOMEN SOSIALIDEMOKRAATTI wrotes, but at the same time notes that the group that nominated Pystynen was a very small one.

"The troops did not rally to support the speaker."

The newspaper is of the opinion that the launching of the speaker's showy power struggle may end in weak support within the Conservative Party.

Thus Pystynen's positions in Parliament would at least not be strengthened, SOSIALIDEMOKRAATTI writes. "It's possible that the Conservative Party's advisory member vote may mark the way out of his duties as speaker and also out of Parliament for Erkki Pystynen.

"The emperor didn't have any clothes either."

Toward an Embarrassing Note

The fact that Pystynen swears that he holds the same political views as Holkeri corroborates the embarrassing note in the set-to between Erkki Pystynen and Harri Holkeri, chief editor of KALEVA (independent) Teuvo Mallinen writes.

"Since this is so, Pystynen feels that he is better than Holkeri on the sole basis of personal attributes. On the basis of this, elections are conducted in the Conservative Party by indulging in personalities.

"Pystynen is certainly not launching a campaign against Holkeri merely as some sort of rival contender and sprinter, as a good loser who is sacrificing himself for the good of party democracy. This would not be in keeping with the prestige of the nation's number-two man, and Mrs Pystynen would certainly not like it either."

Name to Be Remembered

ETELA-SUOMI (independent) has a more optimistic view of Pystynen's future. The newspaper asserts that, as speaker, Pystynen has demonstrated his ability to perform exacting tasks.

"When Erkki Pystynen reached the decision to aim for his party's presidential candidacy, although Pystynen does not admit it, providing him with an image, bearing in mind the coming parliamentary election campaign, was behind it.

"He will certainly also be reminded that in his time Ilkka Suominen, the current chairman of the Conservative Party, resigned from his post to try for others."

Holkeri Has One Continuous Celebration

"These past few days I've been having one continuous celebration," bank director Harri Holkeri writes in his regular column in TURUN SANOMAT (independent).

He describes his experiences like this: "My statistics week began Friday before last with a dirigible flight and went on afterwards with skeet shooting on Saturday. Then came a SEA jazz cruise and later that evening butterfly chasing.

"The following day brought crayfish feasts and the next day a Foreign Ministry cocktail party in honor of the ambassadors. When we got to Thursday, the Helsinki festival weeks were inaugurated. The stream of celebrations went on and on until the following Friday, and I went to the barber's."

Holkeri's celebrations will probably culminate this week when they visit him to officially ask him to enter the Conservative Party presidential race as a candidate.

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COOPERATION WITH BRAZIL: SOUTH AFRICAN POLICY DIFFERENCES

Lisbon EXPRESSO in Portuguese 23 Aug 86 p 3

[Article by J. Henriques Coimbra and Hermano Alves]

[Text] Brasilia--The conditions on which Lisbon's foreign policy is currently based have just been made evident once again: Minister Pires de Miranda's visit to Brazil, which ends today in Rio de Janeiro, has not resulted in a Portuguese-Brazilian "joint declaration." This is a reminder of the difficulties encountered in drawing up the document which resulted from President Sarney's recent visit to Portugal and which both countries signed.

Then as now, the policy being pursued by each of the governments relative to the African continent caused a sharp division in opinion among the leaders: the presence of over 700,000 Portuguese emigrants in South Africa is making it more and more difficult to harmonize points of view between those "friendly" or "brother" countries--which have even decided now on a joint celebration to commemorate the discovery of Brazil by Pedro Alvares Cabral.

While declaring in Sao Paulo that his contacts with Brazilian authorities "have now resulted in the establishment of a joint commission whose task is to begin studies to decide on the program for commemorating Brazil's 500th anniversary," Pires de Miranda observed that everything is moving toward closer cooperation in the international area, "although each country naturally has specific interests, as is true, for example, in Africa." It should be noted that in Sao Paulo, the minister of foreign affairs visited the Biennial Book Exhibition, where Portugal is making its presence felt with 5,000 books--its largest book exhibit ever.

According to his statements to EXPRESSO in Brasilia, Pires de Miranda feels that "although it is impossible to indulge in sentimentalist rhetoric, Portuguese and Brazilians are now prepared to move into the field of specific measures."

Apartheid Creates Political Difficulties

But when it came to political options, Lisbon remained reticent on the issue of applying sanctions to the Republic of South Africa: the Portuguese minister said only that Lisbon might reexamine its stand but that the important thing was to condemn apartheid and increase the Portuguese-Brazilian presence in that part of the continent.

Observers in Brasilia told EXPRESSO that it would be difficult for Portugal, as a member of NATO, to support the proposal that Brazil will submit to the United Nations in September concerning the "military denuclearization of the South Atlantic," which would thus be declared a "zone of peace," but that on the other hand, Portugal would be perfectly capable of playing an important role by joining with countries on South America's east coast which want no interference by third parties in the southern part of Africa--specifically in Angola and Mozambique.

The economic side of Pires de Miranda's mission, to which he also gave prominence this time (he is an engineer with a great interest in petroleum and once lived in Brazil), seems to have a greater chance of success, however. He is reported by the NP as saying: "Portugal's entry into the EEC will be a new and powerful stimulus."

The two countries have promised, in fact, to establish a permanent system of bilateral consultations on diplomatic, economic, military, and cultural matters. The Brazilian minister of foreign affairs, Abreu Sodre, told EXPRESSO that he himself is aiming at closer relations with Lisbon--an objective, incidently, that is in line with instructions from President Jose Sarney.

Technical Cooperation

While Salazar Braga discussed the possibility of Portuguese purchases of war material with the Brazilian arms industry (which is going to sell Cascavel armored vehicles to Angola, which prefers them over the Portuguese Chaimites), Pires de Miranda went to Sao Paulo to talk to businessmen who might be interested in doing business with the Portuguese. The discussion was about implementation of the dozens of joint ventures for which plans have already been made. Within that context, some firms in Lisbon might consider entering the "mini-common market" consisting of Brazil, Argentina, and Uruguay, which will begin functioning next year and which will comprise a market of 170 million people.

Lastly, it was learned that Brazil might provide Portugal with valuable cooperation in the field of technology, beginning with data processing. Renato Archer, Brazilian minister of science and technology, has already been invited to visit Portugal, where he is to establish contact with Portuguese institutions concerned with research.

It was suggested that as a result, Brazil might eventually participate, through Lisbon, in the Eureka Project by providing advanced technology for the construction of an orbital satellite or proposing an expanded partnership in which Argentina and China might also be interested.

Visits by Soares and Cavaco

In this context, it is probable that Prime Minister Cavaco Silva will soon visit Brazil with the understanding that cooperation plans between the two countries will be finalized at that time.

As for President Mario Soares, it is agreed in principle that he may return Jose Sarney's visit while the National Constituent Assembly is in session--that is, around April or May of next year. He will then have the opportunity to address the Brazilian people through that body.

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PERSONALITIES, SCENARIOS FOR NEXT GOVERNMENT DESCRIBED

Lisbon O JORNAL in Portuguese 29 Aug 86 pp 2-3

[Text] Sa Machado, Nobre da Costa or Bayao Horta? These are the three individuals mentioned as possible heads of an independent government coming out of the Assembly of the Republic after a possible crisis provoked by Cavaco Silva and the PSD. It remains to be seen if the social democrats want this crisis, if the president of the republic wants such a government, and if the PS will accept it.

The hypothesis for now is a secret known only to the gods. A possibility put forth by circles close to Almeida Santos would require a joint effort by the president, the PS, the PRD and the CDS to become a reality. If Cavaco were to resign, Soares would ask the parliamentary party to submit a solution to him. An independent executive branch would then be suggested, headed by any one of the prestigous figures who could win the support of the socialists, renewal faction and centrists.

If this idea seems alluring, it immediately involves a number of difficulties. The first has to do with the question as to whether such a government might not be extremely fragile, such as to provide the opposition, in the even of a failure, and the prime minister with a delayed trump card to be played in later elections.

Cavaco's Hypotheses

The Pontal discussion, extremely violent for the opposition sector, shows that Cavaco is ready to do anything to put forth his thesis to the effect that he deserves credit for everything good which has been done, while everything which was not done can be imputed to the opposition. But this does not mean that he is ready to sacrifice his place in the government.

Moreover, while there are forces in the executive branch which defend an all-or-nothing policy, and want to impose a program or abandon the government, there are others which will support a debatable strategy by the prime minister only up to the point short of putting the survival of the PSD in the executive branch in jeopardy.

Cavaco Silva has, then, two possible strategy choices. But he knows that one of them, demanding elections, involves an excessively dangerous wager. In this instance, the PSD is only interested in an absolute majority. To return to a minority government status would mean forcing the party to negotiate under worse conditions than it has at present. There is nothing to suggest that the prime minister has already chosen his strategy. For the time being, there are still three possibilities open to him: reorganizing the executive branch, giving it an explicitly or implicitly majority character; preparing for (and proposing) overall negotiations with the opposition so that the common points can be found which will allow the government to know what it can rely upon; or demanding the dissolution of the parliament, with the resulting early election.

Negotiation or Elections?

1. The hypothesis of reorganizing the cabinet would have to involve an agreement with the PRD. Naturally Eanes might not mind signing such an agreement, but it is hardly likely that the renewal faction as a whole would view it kindly. Obviously, this choice would not necessarily have to involve a coalition of the two parties. The PRD could limit itself to appointing some independents to the cabinet while maintaining an agreement on parliamentary balance with the PSD. This hypothesis, while it pushed the PRD into a space farther to the right than that the renewal faction wanted to occupy (and which became more difficult because of the new PS direction) had the advantage of institutionalizing the party.

2. Overall negotiations with the opposition, and therefore with the PRD, but with the PS and the CDS as well, would allow the government to remain homogeneous instead of becoming the prisoner of the renewal faction. But it would have to accept the limits which would be imposed upon it. If this type of solution had the advantage of being formally more stable, it would on the other hand represent a tremendous retreat for the government, bearing in mind what Cavaco Silva has defended.

3. Elections would only make sense for the PSD if, as has already been said, they were to produce an absolute majority. Otherwise, even if, as is predictable, the PSD were to win again, and by a higher percentage, this would mean that it would have to negotiate a government under conditions worse than those it currently enjoys.

But given a future call for elections, the last word would fall to Mario Soares. Logic dictates that the president of the republic would have no reason to object to any negotiations between the government and the opposition, or the opposition groups, which would result in greater stability. However, nothing would require the president to decree elections either, solely because the prime minister so desires.

The Soares Hypotheses

Given Cavaco Silva's resignation, there is every indication that Mario Soares would have to ask him to form a new government. This is the result not only of a proper interpretation of the constitution, but would have the advantage for the president of the republic of demonstrating clearly that it was Cavaco Silva who refused to govern (in the event, obviously, of a second refusal).

Moreover, Soares would have three choices: installing a cabinet of independents, emphasizing the differences between it and the cabinets established on the president's initiative which he himself criticized so extensively; giving a minority PS government the green light; or actually calling for elections.

1. The government of independent officials will have to be considered in terms of the possibility that it might become a negative experience for the president of the republic and for the forces which would have to be involved therein (PS, PRD, CDS).

For the president, this would be because he would be seen, whether he liked it or not, as linked with the government. For the opposition, and in particular for the PS, this would be because since it would not be a government of the party, it would have to have parliamentary support from the socialists, because a government of this sort, lacking homogeneity, could lead to greater instability, such that the experiment might lead to elections which, being held some months later, would do harm to those who supported this solution and would provide clear advantages to the PSD which, on the outside, would gain strength from the possible failures of this government.

2. It is hard to defend a minority PS government. This is because of the barely 20 percent it has, and also the fact that the executive branch can go from one side of the political spectrum to the other without elections. [Original ends with first word of a new sentence.]

5157
CSO:3542/154

PRD SAID TO DESIRE EARLY ELECTIONS

Lisbon EXPRESSO in Portuguese 6 Sep 86 pp 1, 24

[Text] Among the PRD [Democratic Renewal Party] leadership organs, the proposition that early legislative elections over the short term would be beneficial for this political party is gaining ground.

As EXPRESSO learned from several Democratic Renewal leaders, this strategy of an "advance outlet" has evoked many supporters (including Ramalho Eanes himself), and is based on the following assumptions: PRD is not equipped to make a parliamentary alliance with PSD [Social Democratic Party] (as attested by the recent relations between the two parties); while at the same time an agreement with the Socialist Party has become virtually impossible, in view of the positions upheld by Vitor Constancio. The assumption of the PRD leadership by Ramalho Eanes, at the forthcoming national convention of the Democratic Renewal members set for October, would advise a test of electoral strength immediately thereafter, taking advantage of the former president's party launching, his still relatively great popularity, and the fact that he is not yet exhausted by an actual party leadership. The Socialist Party would not have sufficient time to consolidate not only its new leadership and new image, but also its organization, or its logistical and financial structures. And, finally, polls to which the PRD leaders have had access indicate that, in elections held within a short time, the party would suffer losses of only about 3 or 4 percent, possibly standing at approximately 14 percentage points, a number regarded as an "excellent" score by its leaders.

The misgivings raised about this strategy are based, in turn, on the fact that the Renewal members admit that the Portuguese population is "fed up" with elections and political crises (the same concern which, as the sectors themselves recall, prompt Cavaco Silva to hesitate regarding the occasion for a political crisis in October, leading to general elections). This fact could penalize, from an electoral standpoint, the party that becomes responsible for another political crisis, in the public's eyes. One PRD leader told EXPRESSO: "We want elections and PSD does too"; adding: "The hunger is combined with the desire to eat...but no one has the courage to serve the meal."

2909
CSO: 3542/161

SOARES' LOW-KEY STYLE SEEN FRAUGHT WITH TROUBLES

Lisbon EXPRESSO in Portuguese 23 Aug 86 p 3

[Article by Jose Antonio Saraiva]

[Text] The presidency of Mario Soares has definitely not been displeasing the Portuguese.

Although over 48 percent of the voters did not vote for him in December, there are probably not 5 percent today, only 8 months later, who disagree with the way he has been conducting himself in office.

But there are reasons for that.

On the right and on the left.

The Right is not showing hostility toward Mario Soares for the simple reason that he has been allowing Cavaco Silva to govern.

As for the Left, and particularly the Socialist Party [PS], it supports Soares because he separated himself from the question of succession in the PS and caused no problems to prevent Vitor Constancio and his comrades in the former secretariat from taking over the party leadership.

Soares is therefore pleasing practically everybody, not so much because of what he has been doing but because of what he has refrained from doing.

In other words, Soares does not please through his presence but through his absence.

And perhaps that is the best way for a president to conduct himself in office.

It happens, however, that it is one thing not to be aware of the presence of the president of the republic and that it is something very different to be excessively aware of his absence.

And here it is necessary to ask: is it not possible that Mario Soares has been too conspicuous in letting it be known that he is not doing anything?

There is his frequent attendance at exhibitions and inaugurations.

There are the abundant picture-taking sessions to which he has been subjecting himself at the beach.

And there is the lengthy sea excursion in which he recently indulged. All of that has helped to give the ordinary citizen the impression that Mario Soares is excessively fond of idleness. And perhaps that is not the best image that a president ought to project.

It should be recalled that even in periods when he was not participating in public affairs, Ramalho Eanes did everything possible to appear to be an interested, austere, and conscientious man.

Soares is not Eanes--everyone knows that.

And it is a good thing that he is not.

But the air of good-natured worldliness with which he is playing his role, although probably aimed at creating an image of peacemaking and confidence, may have exactly the opposite effect.

It may happen that the country will begin to grow uneasy with the idea that it has a president of the republic who is not always on the job and who gives the impression that he is not being serious enough in his attention to affairs of state.

11798
CSO: 3542/152

POLITICAL, SOCIAL SITUATION IN PCP REVIEWED

Lisbon O DIABO in Portuguese 23 Aug 86 pp 10-11

[Article by Agapito Pinto]

[Text] It is always difficult to make any kind of analysis of the Communist Party, since its nature as a self-contained and close-mouthed institution prevents one from looking at its internal life and searching in the normal way for reasons that would explain the party's practices.

The Communist Party currently represents 15 percent of Portuguese voters, and as is known, it is one of the largest communist parties in West Europe--that is, in the democratic societies.

It has been headed for decades by the same leader, Alvaro Cunhal, and it is the only party that has never formally constituted the government since the current Constitution took effect, although it has supported, more or less openly, some of those formed since April 1976.

Even so, the CP provided the basic support that elected both presidents of the republic during this constitutional period: Ramalho Eanes and Mario Soares. The fact is that while swallowing its pride to a greater or lesser extent and with varying degrees of success or defeat, the CP contributed both to the reelection of Ramalho Eanes (its most overt contribution) and to the election of Mario Soares.

But more important than all that--or equally important--is the CP's attachment to the Constitution of the Republic. That attachment is significant, since it allows no one to doubt that the country's current economic structure is advantageous above all to the CP because it obstructs development and progress. Our Constitution is one whose basic principles continue to impose the path to socialism on us, just as it continues to regard as irreversible the decisions reached on the night of 11 March 1975 by the men in the MFA [Armed Forces Movement] of the time--that is, the so-called nationalizations of basic sectors of the economy. It is also a Constitution which protects the outrages committed in the agrarian reform's so-called intervention zone. It is a Constitution aimed at a planned economy; it is, in short, a Constitution that has nothing to do with the realities of these final years of the 20th century. That makes it one of the factors most fiercely obstructive of Portugal's modernization, and that is why the CP insists on preserving its content.

As a matter of fact, the CP knows that the less development there is in the country, the greater the chance that the voters will judge, on proper grounds, the proposals for society as advanced by each of the parties. It also knows that in addition, it will have a better chance of convincing some people that the inspiring model presented by Portuguese Communists is the model for a society that will bring happiness to everyone.

But no one should be surprised that the CP is proceeding in that manner: it is merely protecting its interests and merely seeking to gain control of political power. That is a proper objective for any party, and even more for a party whose calling is not national but totalitarian, as is the case with any communist party.

It is known that Alvaro Cunhal has--almost always--assigned a higher priority to defense of the nationalizations, agrarian reform, and what he called workers' control than he has to the living standards of the various sectors of the working classes.

The CP may instigate strikes when wage negotiations are at stake, and it may foment demonstrations when the closing of some firm is decreed. But the time when the CP invariably takes to the streets is when the structure that has enabled it to maintain some measure of power is shaken to its foundations.

CP and Eurocommunism

Alvaro Cunhal has always condemned so-called Eurocommunism. Some people will say that he has done so out of orthodoxy and out of loyalty to the CPSU and the model that the latter has always advocated. Others will say that Alvaro Cunhal has done so because he received instructions to do so from the Soviet Union's leaders. In practice, it probably all amounts to the same thing, but the difference is presumably important. Although Cunhal has always condemned Eurocommunism, he began saying in the late 1970's that he accepted pluralist democracy as the political system "desired" by the Communists. In general (there have been exceptions, one example being a famous interview with Oriana Falacci), he has stopped criticizing or condemning parliamentary or "bourgeois" democracy and started presenting it as a model which the Communists support for the functioning of our country's political institutions.

Cunhal has stopped "debunking" elections and has not been harping, as he did for years, on the low level of voter enlightenment, nor has he ever again talked about the church's influence on elections.

In practice, therefore, the secretary general of the CP has begun to accept--seemingly--the rules of pluralist democracy as well as the factors determining its development in Portugal.

Cunhal and the CP have even decided to tone down the redness with which the party presents itself in election campaigns by forming coalitions with the MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission]. This makes it possible for the CP not to appear as such on the ballot. Red has been banished from the party's posters, and the hammer and sickle have disappeared, as has the word "socialism," meaning "communism."

It can be said that the CP has almost disguised itself. Besides changing its visual image, it has tried to present an image of complete integration into the normal patterns of life in Western societies. This has no doubt been a Cyclopean task for the Communists, but the results have undoubtedly been worthwhile for the rest of us.

In any case, that modernization or "Europeanization" has not yet enabled the CP to stop the "hemorrhaging" it has been suffering from the standpoint of its young members.

The CP wielded enormous influence in the youth and student movements during the period immediately following 25 April 1974, but as the years passed, it began to witness a gradual decrease in its influence with young people.

This is not the place to analyze the reasons for that "hemorrhage," but the fact is that a quick glance at election results in young people's organizations and in the schools leads to the conclusion that the Communist Party's influence has declined drastically. This is one of the big challenges currently facing the Communists: how not to turn into an ancient and antiquated party in that respect as well. The reasons for that phenomenon may be many, but we take the liberty here of drawing attention to one important one, and that is the CP's excessive connection with and domination by life in the Soviet Union, the practices of the Soviet Union, and events in the Soviet Union. The fact is that young people cannot help being sensitive to such events as nuclear tests (despite the moratoriums that are now going to be granted), they cannot help thinking, and thinking a great deal, about events such as the one in Chernobyl, and they cannot feel any special attraction to a party that seems too closely tied to a superpower which has markedly militaristic intentions, directs such events as the permanent invasion of Afghanistan, or wants to divide up the world by building walls in Berlin and elsewhere. Young people want a quiet and free life. Young people cannot feel attracted by oppressive countries, by theses concerning conflict, or by situations of holocaust.

CP and Other Parties

The CP continues to draw a dividing line between what it considers "democratic parties" and "rightwing" or "reactionary" parties.

Until recently, the only "democratic" parties were the CP and the Socialist Party [PS], but now a new party regarded as democratic has appeared--the PRD [Democratic Renewal Party]--whereas the PSD [Social Democratic Party] and the CDS [Social Democratic Center Party] continue to be "rightwing" or "reactionary" parties.

The PRD has been the CP's main hope in recent times. It was the CP's main hope for splitting the Socialist Party--for weakening what was then Mario Soares' party--its main hope for electing a president other than the present one, and its main hope for being able to turn itself--the CP--into the largest "leftist" party. The CP was also hoping to come to power sooner or later through the PRD.

It can be said that the PRD has turned out to be a poor bet in practice. It did indeed split the Socialist Party, but did not prevent it from continuing as the largest party on the left. The PRD did not prevent the renewal of the Socialist Party--which has elected a leadership under Vitor Constancio that is very different from its predecessor. The PRD also did not prevent the election of Mario Soares as president of the republic, nor does the PRD seem very interested in someday taking the CP by the hand and leading it into the government.

At the same time, it is unquestionable that the PRD has brought some advantages for the CP, since to some extent it has made the operation of the political system more difficult and made possible coalitions in the center of the party spectrum more complicated.

The CP's main objective today is to return to the government even after suffering a defeat in the presidential election.

It can be argued, and some of the sectors defeated in that election may be doing so, that Mario Soares got the CP's votes, or, putting it another way, that the CP wound up supporting the president who was elected. But that support constituted another defeat. The CP found itself forced to support the man whom, until then, it had always declared to be its chief enemy: the man whom it had sworn and guaranteed never to help with its votes and the man it had declared in its public statements to be worse for the "Left" than any leader from the "traditional Right."

It is understandable that some people tried to paint over that defeat with embarrassed suggestions that it was a victory. Perhaps less believable is the effort to ascribe "genius" to the CP's leadership on the part of individuals who would have been expected to emphasize the historic defeat suffered by the CP. But with that period over and those events past, the main objective in the CP's political struggle is, as we said, to return to the government.

The trouble is that it is difficult for any party to remain in the opposition for years on end and, what is worse, to see no glimpse on the horizon of the day when it will again occupy the seats of power.

Parties are not associations for protest, and they are not merely civic organizations or merely instruments of folklore: they are organizations designed to win power.

For that very reason, the CP has harshly criticized the theses proclaimed by the new leadership of the Socialist Party in support of a bipolarizing or bipolarized model for the Portuguese political system.

Almost every day in its unofficial morning newspaper, the CP insists on the need to form a coalition government consisting of what it calls the democratic forces.

The CP never grows weary of reminding its closest partners in the PS and the PRD that without it there is no possibility of a majority to support an alternative to Cavaco Silva's government.

It tries to demonstrate this in what it says, and it tries to demonstrate it in practice through forms of agitation which the Socialists and the PRD's men know they would also have to face someday if they were the government individually or together, but in any case without the Communists.

CP and Social Structures

But the impossibility of achieving power, which has been the CP's lot for all these years, has not prevented it from applying Gramsci's maxims by trying to control every important center for spreading the propaganda that suits it.

The CP has established itself in the departments of the Ministry of Education, controls several cultural organizations and activities, and is attentive to the top media organizations.

On the other hand, it does not neglect in its activities those who form the basic sectors in any society--sectors which must be very solid pillars of any society that wants to maintain the principles and values on which social organization is based.

Specifically, we are referring to the Armed Forces and the legal apparatus, to which the CP has paid particular attention (and when we say Armed Forces, it must be understood that we also include the security forces).

Everyone is aware of the agitation which the CP has been trying to cause within the PSP [Public Security Police], specifically through its attempt to form a union, and the first identical signs are beginning to appear in the GNR [Republican National Guard] with the circulation of communiques similar to those being distributed within the Public Security Police.

In addition, the Communists have directed most of their members holding licentiates in law to the Center of Judicial Studies, the idea being to get them assigned to the bench and thereby influence many of the most important decisions made in any society in a direction favorable to their objectives.

The CP has also been trying not to antagonize the Catholic Church, which continues to be a major force in Portuguese society. The party does not close its doors to anyone professing that religion.

The CP knows that in a society with structures as weak as those in Portugal, it is better to occupy the main decisionmaking centers discreetly and without making an uproar than it is to engage in big public campaigns over confrontations with which it is not in an especially good position to cope.

For example, the CP continues to look after sectors of property defined in accordance with rules decreed on the night of 11 March 1975, it continues to have an intervention zone for agrarian reform that has not been normalized in accordance with the rules and principles in effect in the European Community, and it still has media controlled chiefly by the state and, frequently, by its own men or men close to it. The CP also continues to have two television channels--or, more accurately, one and a half channels, since its access to private television is still barred. The CP is continuing, more or less effectively, to keep the main decisionmaking centers subject to control by the state, which it finds it easier to infiltrate with its own trusted people.

It is true that private banks and several private insurance companies have appeared. It is also true that there is an almost unstoppable movement underway to open up the media to private ownership. And it is also a fact that a great deal has been done to remove people close to the CP from the top posts in government departments.

But the basic problem is a matter of mentality, prejudices, fixed ideas, complexes, hesitations, and adherence to taboos that are already out of date in developed democratic societies. That and the subtle effects of propaganda concerning the Communist Party's "trump cards."

People still have some fear of being considered reactionary, they continue to worry about possible ties with sectors not included on the democratic roster, and many are still clinging to models and theories of economic and social organization that have already been completely exposed as failures all over the world.

It is a fact that the CP, as well as its brother parties, cannot remain indifferent to development and progress.

Every institution in the world must keep up with the times, and the communist parties themselves are no exception to the rule.

This is proven by the new image being projected by the Soviet Union and by its new leader Gorbachev in his public appearances, where he informs the world of shifts within the Soviet Union and tries to break away from the almost prehistoric image that was so prominent in reports by previous Soviet leaders.

In Portugal, the leadership of the Communist Party continues without change. It has been the same since 25 April 1974, whereas all the other parties--little by little and for various reasons--have replaced their respective leaders.

Alvaro Cunhal seems to be as strong as ever. Men who gave signs of wanting to change anything in communist policy and habits have been left behind and removed from active politics. This was the case, for example, with Vital Moreira and Veiga de Oliveira.

There is no doubt that Alvaro Cunhal has an astounding capacity for adaptation, but if the figures in the polls are confirmed by election results--that is, if the Communist Party's decline grows worse--then, whether with Alvaro Cunhal or without Alvaro Cunhal, the CP is going to have to change a lot more than the little that it has changed so far.

The day will come when we will learn where the secretary general of the Communist Party lives, who he is married to, what his family life is like, and what his habits are. We will see a more "bourgeois" Communist Party--that is, a more "Westernized" party or, to put it still another way, a more "normalized" party.

In the end, and as always happens, it will be in the image and likeness of the fashions dictated by its "guiding Muse."

11798
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'CONSUMERISM' SAID TO CHARACTERIZE CAVACO SILVA GOVERNMENT

Lisbon SEMANARIO in Portuguese 23 Aug 86 p 14

[Commentary by Jose Miguel Judice: "The 'Dictatorship of Consumerism'"]

[Text] The way in which Cavaco Silva and his ministers govern probably strikes the unattentive observer as the ultimate expression of a developing technocracy. It probably seems, in fact, as though the government as such and each minister individually are concerned to find the specific solutions that can be considered most advantageous from the technical standpoint with no particular concern for the ultimate goal, or "ideology." And to some people, that apparent conclusion may even taste as sweet as the nectar of the gods, considering how tired such people are, or think they are, of "politics."

Continuing in the realm of appearances, it would seem that the Cavaco Silva government has defined a set of problems, arranged them by order of priority or urgency, chosen strategies for coping with them, and applied for their solution formulas that a technician, who by definition has no interest in the political side of things, would have come up with. The result is that from the Ministry of Justice to the Ministry of Public Works, from the Ministry of Industry to the Ministry of Tourism, and from the Ministry of Housing to the Ministry of Finance, each minister seems to be trying to solve the problems--which, as is natural, are many and complex--with no special concern for the character which his measures may assume from a political point of view. That may be why some people, not much pleased with the technical or technocratic vision, react by harping on the lack of logic and consistency in those measures and on their insensitiveness or the lack of political preparation for them, thereby finding reasons to complain about the government.

But that is not really the way things are. And I am even of the opinion that, perhaps without being completely aware of it, Cavaco Silva's ministers and he himself (each in his own way, and not all with the same ability) are applying a political logic that underlies the apparently technocatic approach. But first it is probably appropriate to inform those in love with technology and fed up with politics of two things. First, the political dimension exists even when one pretends that it does not, and second, failure to classify policies by reference to a political policy is neither advantageous nor constructive, since it can only result in wastes of time, leaps in logic, and chaos in the decisionmaking process--and that, too, is certainly the expression of a political policy, but one which is different because it is more incompetent in execution.

The thing that characterizes Cavaco Silva's political practice is an effort to build what I, with some linguistic boldness, would call a "dictatorship of consumerism." What I mean by this is that Cavaco Silva and his government have been trying to organize their activity with a view to handing political leadership over to those who can be described as "consumers"--and, to that end, trying to serve the interests of those consumers and increasing their powers. And that may be the great strength of the Cavaco political plan--as well as its major limitation.

I began by saying that the political actors in question are probably not completely aware of what I have just emphasized. That is natural, considering that governments are going badly when they think that theorizing about their political practice is an attribute of sovereignty, and in general, actors who try to explain a strategic line during every moment of their performance come off very badly indeed: they wind up getting the catcalls they deserve.

Cavaco's political plan is doubly alluring. First of all, because "consumers" are the largest social group in Portugal (if it is proper to define them that way), seeing that in one way or another, all voters are "consumers"--consumers of medical care, transportation services, banking and insurance services, food products, legal services, and police services. Giving "political leadership" to the "consumers" would therefore transform the bestowers of that leadership into a "legitimate vanguard of the consuming class," with everything that means in the way of guarantees of popular and electoral support.

Second, the "pro-consumer" focus is probably all the more welcome in that in one form or another, Portugal has been a society subject to the special treatment accorded the interests of the "producers."

This was true under the corporative system (guided entirely from the standpoint of production, with its theory concerning the regulation and control of conflict), it was equally true under the Revolutionary State (with its "Battle for Production" and its Stalinist production), and it has continued through the revolution's aftermath, which is, after all, the history of the past 10 years (meaning the policies for subsidizing firms and keeping unviable industrial units in operation to ensure jobs for the producers employed there, as well as labor legislation itself, union power, and the controls and limitations placed on agrarian property).

For those two reasons, it makes sense to have a political strategy whose coherence and ultimate goal call for winning over the consumers and granting them an advantage over producers during a historical phase in which, moreover, our entry into the EEC renders the organized fantasy in which we have been living unviable, particularly in the economic area and in the field of social security in the broad sense.

And there is no doubt that Cavaco's strategy is the one I have just summarized. A prime example is the relationship between the minister of health and the Order of Physicians. Rightly or wrongly, there is a strategy underlying that relationship, and it calls for giving "health consumers" precedence over "health producers." Incidentally, the idea has the attractiveness of things which are simple or which seem simple: it is that medical care exists for the patients, not for the health professionals.

But other examples could and can be mentioned: they range from the priority assigned to the fight against inflation to the closing of state-owned enterprises, from privatization to intransigence in the matter of wages in the public sector, and from the publication of lists of subsidies to the end--at least visibly--of the "blue bags" which for decades have constituted the means of engaging in politics in Portugal.

Cavaco Silva's popularity undoubtedly has something to do with the favorable international conditions and with the comparison between him and the previous prime minister. But it has to do above all with the theory behind the way he governs, which many consider demagogic and which, basically, constitutes the establishment of political dominance by "consumers": a "dictatorship of consumerism." That is the strength and the positive side of a strategy which is a political innovation in Portugal. The other side--the negative side--also exists, because that is how life is. It is, to explain the matter in a different way, the negative side of very high popularity, and it involves the weaknesses and limitations of "consumers" as the decisive political agent. I will write about that next week.

11798
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COMMENTS ON AUTONOMOUS REGIONS' INSULARITY SENTIMENTS

Lisbon EXPRESSO in Portuguese 6 Sep 86 p 3

[Article by Jose Antonio Saraiva]

[Text] It is undeniable that Alberto Joao Jardim and Joao Bosco da Mota Amaral have done something for the populations of the islands which they govern. Furthermore, that endeavor has been acknowledged.

Whereas, on the continent, the voters as a rule express dissatisfaction with the governments that they have, and are often inclined to change a government and prime minister, in the Azores and Madeira there is widespread consensus regarding Joao Jardim and Mota Amaral who, after 10 years of exercising power, have virtually kept their electorates intact.

On the continent, 10 governments have been tried during the past 10 years; on the islands, one has been tried on each archipelago.

To be sure, this government stability is also associated with a certain amount of complicity that exists in Madeira and the Azores between the populations and their governments, based on the same anti-continental sentiment.

In other words, the island populations, instead of viewing their governments as something "alien" to them and responsible for all ills, see them as their allies in the battle against the "continentals' presumptuousness."

Obviously, this alliance must be constantly nurtured.

Thus, every time there is a discussion in Lisbon regarding an issue relating to them, Alberto Joao Jardim and Mota Amaral have to explain to their constituents that they have done everything to defend their rights. Moreover, they have to provide "public evidence" that this has occurred.

Hence, they are not afraid of the frequent, and sometimes violent criticism made of the central government by the island leaders.

Combined with this is also the fact that both Joao Jardim and Mota Amaral have some personal reasons for complaining about the continentals.

It should be recalled that both of them, whenever they were inclined to leave the islands and assume positions of responsibility in continental politics, were at times the victims of behind-the-scenes ploys and invariably ended up with added disappointments.

In fact, both Alberto Joao Jardim and Mota Amaral were bypassed for the candidacy for the presidency of the republic, or in the contest for PSD [Social Democratic Party] leadership. And this experience may have been even more painful for the latter, who always conveyed the impression that he was not taking part in the battles out of personal ambition, but only in response to the appeal of third persons.

Hence, the heads of the Atlantic island governments have reasons for harboring some resentment with respect to the continent.

And they would naturally be tempted to accept entirely (if not even to favor) certain feelings of animosity regarding the continentals present in Madeira and the Azores.

It so happens that this crusade has its reverse aspect.

In the past, there was no sense of antipathy on the continent concerning the islands; on the contrary, there was sympathy.

In the past, there was no colonial reflex on the continent concerning the islands; on the contrary, there was the idea that their inhabitants were complete citizens.

Today, however, there is a danger that the situation may change.

The continent may naturally tend to recoil from the anti-continental battle being waged by Alberto Joao Jardim and Mota Amaral.

This means that the autonomous regions, instead of gaining from the impulsiveness of which their two leaders are currently showing signs, may find themselves harmed.

2909
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AZORES ISSUE: POLL FINDS MAJORITY REJECTING TWO FLAGS

Lisbon EXPRESSO in Portuguese 6 Sep 86 p 1

[Text] Over two thirds of Portuguese are opposed to the proposal for making the honors accorded on the Azores archipelago to the national and Azorean flags and anthems equivalent. A poll taken by the EXPRESSO/Euroexpansion Panel between 1 and 4 September among a sample of 602 persons queried, representing the continent's electorate, has disclosed that only 31 percent agree with the proposal, as opposed to 69 percent who express their disagreement with the terms of the bill vetoed by the president of the republic.

Moreover, 91 percent of Portuguese condemn Mota Amaral's position of absenting himself from the Azores at the time that the president of the republic was begining his trip there on the school-ship "Sagres." This position assumed by the regional government of the Azores, which arose following Brigadier Gen Rocha Vieira's appointment as minister of the republic in the Azores, has been widely criticized by all sectors of the electorate. The backers of PS [Socialist Party] (94 percent) and APU [United People's Alliance] (93 percent) are the most critical; but the Social Democratic voters from Mota Amaral's own party clearly reproach his action (there are 84 percent negative opinions). Whereas, on the continental level, the Azorean leader recorded 9 percent support for his position, the favorable opinions increased slightly in the northern section of the country and in the urban areas.

As for the conflict aroused by the honors to be accorded the Azorean and national symbols, it should be noted that the CDS [Social Democratic Center Party] and APU voters were the greatest opponents of the proposal originating in the Azores, as were the inhabitants of Greater Lisbon. The PRD [Democratic Renewal Party] voters and the inhabitants of Greater Porto appeared more attuned to the ambitions of the Azorean politicians who wanted to see the Portuguse and Azorean flags and anthems on the same level.

2909
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SHAKEUP REPORTED IN POPULAR ALLIANCE LEADERSHIP

Fraga Appoints New Secretary General

Madrid DIARIO 16 in Spanish 3 Sep 86 p 5

[Article by Carlos Davila]

[Text] Madrid--Manuel Fraga, the president of Popular Alliance (AP), gave the party's then secretary general, Jorge Verstrynge, the chance to resign the day before yesterday. "Otherwise," Fraga told him, "you will be dismissed." Verstrynge refused to voluntarily submit his resignation, told Fraga of his decision to accept dismissal in any event and assured the president that he had in fact lost confidence in his political agenda and even in his leadership.

At the extremely brief press conference that Fraga reluctantly gave after the informal swearing in of the new secretary general, Alberto Ruiz-Gallardon, Fraga said that he "had not ousted anyone" and that it was simply a closed operation in which "an individual was being placed in the great reserves of a major national political force in service to Spain."

Verstrynge and the new secretary general, Ruiz-Gallardon, who read an extremely brief message accepting the party president's appointment, had left the room in which the transfer of powers took place. Verstrynge told Fraga that he intended to remain silent for 30 days, unless, one of his colleagues suggested, he is attacked by one of the mass media.

Power Struggle

Yesterday morning, Fraga personally telephoned the party's main leaders and told them of his decision. Of the four vice presidents, only Fernando Suarez showed up at the appointment with Fraga. The rest (Osorio, Herrero and Fernandez Albor) were absent for various reasons. Osorio, who was in Madrid, declined to attend; Herrero, who was in Asturias, did not feel that his return was in order, and Fernandez Albor, the president of the Board of Galicia, had hearings to attend yesterday.

Suarez, who remained smiling at all times, privately called on reporters to "support" the party at this extremely important juncture. Osorio, who declined yesterday to make any sort of formal statement, simply felt that what has been regarded as the "catalyst" of the crisis and of Verstrynge's dismissal (the request that Fraga run for mayor of Madrid) "was not a trap; it was, in fact, quite the opposite." Osorio has been contending that all of AP's problems are actually a manifestation of a genuine struggle for power in the party.

Oddly enough, sources in the other faction that backs Fraga are of the same opinion. They say that the party's crisis began at its most recent congress and with the controversy over the open or closed slates.

The main proponent of the open slates was Fernandez Suarez, however, who has nevertheless come out against Fraga heading the municipal slates for city hall in Spain's capital. In other words, in this most recent controversy, which was the catalyst of the crisis, one of the members of the conventionally "critical" faction has taken a different stand from the one that Verstrynge himself, Osorio, Olarra (whom Fraga has disavowed) or the president in Madrid, Dr Carlos Ruiz Soto, have taken.

Fraga intervened yesterday towards the end of the dispute, but did not clarify once and for all whether he would run for mayor. Fraga skirted the issue with the following illustrative remark: "I'm not a candidate for candidacy."

The remark, which sounds simple, is not. Fraga has sought to influence the intentions of the people who want him to run, since he agrees with the most loyal members of his team that Osorio, the first one to propose that he run, Olarra and Ruiz Soto, backed by Verstrynge, are actually trying to lessen the president's power by making him mayor of Madrid, a post that demands the utmost political attention. Yesterday's comment by a member of the AP leadership was not an idle one, quite the contrary: "Inspired by 'Operation Chirac,' they want to undertake 'Operation Tierno.'"

The Decision

Both factions, the apparent winners at this juncture and the theoretical losers, place the start of the crisis at the party's most recent congress and, in fact, go even further: they claim that before he left on vacation, Fraga had already decided to fire Verstrynge. Fraga described the crisis thus at the meeting of AP presidents in late July: "I now know who the traitors are" and he mentioned three provincial presidents. Yesterday, no sooner had the secretary general's dismissal been made known than the AP president in Malaga resigned; like Verstrynge, he had recently questioned not only AP's policies but also Fraga's very leadership of the party. This president had supported Verstrynge's call for a "collective leadership" in AP.

A meeting of the AP Board of Directors has been called for Tuesday, the same day that a meeting of the party's Executive Committee had been scheduled. Powers that the bylaws vest only in the national president have been erroneously attributed to this committee, such as appointing and firing party officers. The bylaws, the position paper on which the new secretary general defended at the recent congress, state that the president will fill positions of his confidence from among the members of the Executive Committee who receive the most votes. After the congress Verstrynge had many fewer votes than the AP officers with the highest number of positive votes, such as Fernandez Albor and Miguel Herrero, who have apparently remained untouched by the crisis.

Colleagues

Nevertheless, prominent members of the party bloc in the Congress of Deputies, which is headed by Miguel Herrero, have expressed support for Verstrynge's removal. Two of them, Aznar and Rato, are assistant secretaries general of AP, and another, Jose Ramon Calero, a deputy from Murcia, was responsible for that region but submitted his letter of resignation because he was clearly incompatible with the now former secretary general. Calero will apparently return to his post now under Ruiz-Gallardon. Furthermore, Calero was Verstrynge's main opponent in the party's first crisis, when some in the parliamentary group asked Fraga to replace the party's secretary general.

AP Membership Supports Fraga

Madrid EL PAIS in Spanish 10 Sep 86 p 12

[Text] Madrid--The National Board of Directors of AP yesterday reaffirmed its support for the party's president, Manuel Fraga, by a show-of-hands vote of 206 in favor and 4 abstentions. The fact that this vote of confidence was not conducted secretly prompted the former AP secretary general, Jorge Verstrynge, who was fired last week, Luis Olarra, Gabriel Camunas and Antonio Fernandez Jurado, the AP president in Huelva, to leave the hall. Carlos Manglano, the conservative party's deputy and vice president in Valencia, left shortly before the vote was taken.

The motion was presented by the AP president in Burgos, Vicente Mateos, at the start of the meeting at 1700 hours, but it was not put to a vote until 3 hours later.

A total of 206 members of the National Board of Directors voted for the five-point motion, whose last point called for support for Fraga. "The National Board of Directors expresses its staunchest and most categorical support for the president of AP, Manuel Fraga, the founder and leader of our political force and its candidate for the post of prime minister, in continuing to guide it towards the consolidation of a Center-Right political choice for all Spaniards."

The meeting began amid some degree of tension, given the criticisms that Luis Olarra and Carlos Manglano, the AP vice president in Valencia, had voiced that day. The magazine EPOCA reported Olarra as saying that "the Right cannot win with Fraga." Carlos Manglano ventured to predict that the scheduled vote of support for Fraga would not take place. "If he calls for a vote, he has a lot more to lose than to gain, inasmuch as many of us will call for a secret ballot, not a show of hands, which entails coercion," Manglano said.

He was quite wrong, inasmuch as the vote was by a show of hands. Moments before it was taken, Jorge Verstrynge asked for the floor "over a point of order" to request that the vote be a secret ballot. His call was rejected with the argument that "in a public assembly" each person's position ought to be known. The former secretary general then stated that "for 10 years I have been teaching my students in the Political Science Department that a vote does not have democratic legitimacy unless it is secret." He therefore left the hall. He was followed by Luis Olarra, Gabriel Camunas and Antonio Fernandez Jurado, the AP president in Huelva. Carlos Manglano had left the hall before the vote was taken. Members of the AP leadership who had hitherto been regarded as critical, such as Fernando Suarez and Alfonso Osorio, remained in the hall. In addition to its backing for Fraga, the motion called on AP activists to close ranks around the party and to rekindle their enthusiasm to achieve success at upcoming electoral contests.

The motion calls for "the utmost cooperation and dedication and renewed personal and financial efforts from all activists and sympathizers to help the party." It also appeals to all AP organizations for "enthusiastic efforts in their work, the utmost openness to all social problems, particular initiative in winning over supporters and maximum unity." In the motion the party tells the Spanish people that it is determined to help "surmount the security and law and order crisis besetting the nation" and proposes a new drive to combat terrorism, drugs, controlled schooling and the erosion of the family." In two lines it expresses appreciation for "the dedication and efforts" of the previous secretary general, Jorge Verstrynge, and conveys "the utmost encouragement and firm reassurance to the new secretary general, Alberto Ruiz-Gallardon."

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PDP, CDS VIE FOR THIRD SPOT BEHIND PSOE, AP

Madrid EL PAIS in Spanish 4 Sep 86 p 13

[Article by Fernando Jauregui]

[Text] Madrid--Christian Democrats and followers of Suarez have resumed their quiet battle for the number three spot on the national political party spectrum. The leaders of both Oscar Alzaga's People's Democratic Party (PDP) and of Adolfo Suarez' Democratic and Social Center (CDS) are convinced that their groups can take over the political Center at the forthcoming municipal and autonomous-community elections in June 1987. "It is from the Center that a real alternative to the PSOE can be built, not from the Right," Alzaga said yesterday. His followers could not conceal their delight over the recent signs of crisis in Popular Alliance.

Alzaga yesterday inaugurated a political course of action that will be of far-reaching importance for his party, at a press conference at which he asserted that the only strategy that Christian Democrats are now following is to run alone in next spring's elections. Alzaga had this to say about the elections: "We are going to put out a very wideranging call to broaden the PDP as the major centrist party."

A high-level Christian Democrat leader admitted yesterday that "the only choice" in the forthcoming elections (which the PDP will begin to prepare for this weekend, with a meeting of its 32 members of parliament) would be to vie for the Center-Left with Suarez' CDS. To this end, the PDP will, among other things, repeatedly attack the "less progressive" aspects of PSOE economic policy.

Jose Ramon Caso, the secretary general of the CDS, yesterday described as "a joke" any comparison of his party to the PDP, which is caught up in "an inviable operation."

Alternative to Socialism

The CDS, which will hold its national congress on the 13th and 14th of this month, feels that the elections in the spring of 1987 will help to consolidate the party as the number three political force in the short run and as the alternative to socialism in the medium term, given the wear and tear that Popular Alliance will foreseeably experience in the months to come.

"AP has the machinery to run in 6,000 municipalities at the next election," said Caso, "but the UCD was theoretically the numerical winner in the 1983 municipal elections and we saw what happened shortly thereafter."

Among other things, the CDS seeks to become the indispensable opposite number of the PSOE in at least 5 of the 13 autonomous communities that will be up for grabs next June.

"If the PSOE wants to govern in many autonomous communities and in many municipalities, it will have no choice but to come to terms with us," said a CDS leader. He cautioned, however, that his party would not commit itself to comprehensive post-election pacts; instead, it will try to force through agreements "municipality by municipality, province by province, and community by community, without in principle excluding anyone. In some spots we could reach agreements with the PSOE, in others with AP, and in still others with United Left."

Their Own Slates

Like the PDP, the CDS will present its own slates in the 13 autonomous communities and is confident of running candidates in some 3,000 of the 9,000 Spanish municipalities in all. It will be up to the party's national congress, however, to be held in a week, to decide on more specific courses of action and on the ideal candidates, as well as on other crucial issues, among them the continued presence of Jose Ramon Caso as secretary general.

For their part, the Christian Democrats will hold their national congress this December, and from it are expected to emerge the names of the presidential candidates in the 13 autonomous communities and the mayoral candidates in our major cities. Neither the PDP nor the CDS seem willing to turn the battle for the mayor's office in Madrid into a sort of presidential election by running their top leaders. The Suarez people and the Christian Democrats say that they will carry on active work in Parliament, and both Suarez and Alzaga will try to make people forget their meager activity in the Congress of Deputies this past legislative session.

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SPECTRUM OF ECONOMIC RELATIONS WITH USSR REVIEWED

Difficulties Detailed

Athens TO VIMA in Greek 24 Aug 86 pp 6-7

[Article by Giannis Kartalis: "Critical Juncture in Economic Relations With the Soviet Union"]

[Text] Tomorrow's meeting of the Mixed Inter-Governmental Committee in Moscow will be crucial to future Greek-Soviet economic relations since new, important developments have risen in the course of these relations. This meeting will be mainly occupied with the refusal of the Soviets to cover part of the cost for the supply of oil to Greece by purchasing Greek products.

The Greek government pays particular importance to this meeting. Heading the 25-member Greek delegation will be National Economy Deputy Minister Giannos Papandoniou. Indicative of the difficulties that have risen is that this meeting takes place following two postponements. It was originally scheduled for 16 June but the Soviets asked that it be postponed to 21 July "due to difficulties that have risen." It was finally decided to hold the meeting tomorrow.

This is the fifth meeting of the Mixed Inter-Governmental Committee, which meets alternatively in Athens and Moscow on the basis of the agreement-framework for economic and industrial cooperation signed in December 1980. This agreement, implementation of which began in 1982, provides for the development of cooperation between Greek government agencies and companies and appropriate Soviet agencies in the industrial, agricultural, trade and technological sectors.

The singular aspect in Greek-Soviet trade relations is that the Greek trade balance shows a deficit. It suffices to state that the ratio in exports is 4.5 to 1 in favor of the Soviets. Specifically, the picture in the Greek-Soviet trade balance is shown in the table on the following page.

The Greek-Soviet Trade Balance

	1980	1981	1982	1983	1984	1985
Greek Imports	138	330	217	246	504	532
Greek Exports	90	74	141	142	121	142
Trade Balance	-48	-256	-76	-104	-383	-390

Cost for Oil and Oil Product Imports Included
in the Above Amounts (in Million Dollars)

1980	1981	1982	1983	1984	1985
69	236	139	130	353	455

It is easy to see that the immense deficit is due mainly to the import of large quantities of Soviet oil. The Greek government has repeatedly tried to persuade the Soviets to use part of the money advanced to them for the purchase of Greek products, but the Soviets stubbornly refuse to do so and demand that payments be made in hard exchange. However, the fact that the Soviets are committed to transporting with Greek ships 50 percent of their exported oil to Greece is considered a success for the Greek side.

The question of alumina has also created a serious problem. As is known, in September 1985 an agreement was signed in Athens with the Soviets for the construction of an alumina plant in Greece. A contract was also signed for the purchase [by the Soviets] of 380,000 tons of alumina for 10 years. Bulgaria also expressed a desire to purchase 200,000 tons of the total annual production of 600,000 tons.

Since then, however, Bulgaria has retracted its promise and the question of the 200,000 tons remains unresolved. It should be noted that the alumina plant is of immense importance since it represents an investment of 450 million dollars.

The Soviet Union showed interest in these 200,000 tons but proposed that their purchase be offset by part of the cost of natural gas Greece is about to buy from it. The problem, however, is that negotiations for this purchase are advancing at a slow pace. The Greek side counter proposed that repayment of the additional 200,000 tons be made with aluminum products produced through the purchase of the additional quantity of alumina. But the Soviets insist on linking the 200,000 tons with the export of natural gas. Moreover, they recently expressed their concern that construction of the alumina factory may eventually not be realized if there is no possibility of selling the 200,000 extra tons.

The question of natural gas was first brought up in October 1979 when then Premier Karamanlis visited Moscow. In April 1982 a Greek delegation to Moscow conducted exploratory talks on the possibility of procuring natural gas through Romania and Bulgaria. In December 1985 an agreement was signed in Moscow which stated that the Soviets would start supplying Greece with natural gas in 1989 for a period of 25 years and would eventually reach an annual volume of 2 billion cubic meters. The Soviets stated that income from the sale of natural gas would mainly be used for the purchase of Greek products. But the unusual thing now is that the Soviets deny this arrangement and as of this moment, they refuse to increase imports of Greek products.

It is noteworthy that in 1985 Greek exports to the Soviet Union did not exceed 140 million rubles while the Soviets were committed to buy products valued at 170 million rubles. As a matter of fact, the Greeks aim at also exporting in 1986 steel products in order to reach the target of 250 million rubles.

Besides oil, Greece imports from the Soviet Union ammonia, hydrocarbon products, lumber, mineral coal, electrical energy, machinery, automobiles, etc., and exports to the Soviet Union citrus fruits, raisins, cotton fabrics, olive oil, olives, shoes and fruit juices.

At last year's meeting of the mixed committee, the Greeks pointed out that a percentage of progressive increases from year to year should be established so that a balance from the increase in the supply of Soviet oil could be achieved. It was also agreed that there should be an increase by 30-40 percent in the value of 1986 Greek exports to the Soviet Union. But now the Soviets are advancing various excuses in order to avoid the commitment they made to buy more Greek products.

Soviet Foreign Trade Deputy Minister Nikolai Komarov (who tomorrow will head the Soviet delegation) recently told Greek Ambassador I. Grigoriadis that possibilities for imports by his country are smaller this year due to the drop in revenue as a result of the drop in oil prices.

Indicative of the situation that tends to develop is the fact that statistics show a considerable decrease in the rate increase of Greek products to the Soviet Union for the first months of 1986. Particular difficulties appear in exporting some products--mainly tobacco, cotton, ready made clothes and fabrics. The Soviets notified Greece that prospects for buying tobacco and cotton are minimal due to the Soviet increase in production of these products. In fact, they also stopped importing these two items from Bulgaria.

In the meantime, other problems have developed concerning absorption of Greek industrial products by the Soviet Union. In February 1983, when Soviet Premier Tihonov visited Athens, a long-term program was signed for economic, industrial, and scientific-technological cooperation which would aim at broadening exports of Greek industrial products, as well as exports of such items as home appliances, furniture, tile, pipes, etc.

The Soviets now seem to condition purchase of these products on the outcome of the natural gas issue. They feel that by not solving this issue "opportunities for Greek exports are being lost," since the Soviet Union is ready to put into effect counter-balancing purchases of Greek products of the same value.

Another important subject to be discussed in Moscow is the proposal made by the Greek Construction Company of Technical Projuects concerning the construction of hotel units in the Soviet Union. The proposal had been discussed during Premier Papandreou's visit to Moscow and the Soviets had promised to study it. But they did not bring up the matter again and the Greeks were informed that Czechoslovak and Finnish companies were about to undertake the construction of the hotel complex on the Black Sea.

It is peculiar that the specific Greek proposal for construction of a 1,000-bed hotel in Moscow is still pending. The Soviets say that yes, the need for such a hotel exists, but no appropriations exist for the project and will not exist until the middle of 1986.

With regard to the hotel question, Ambassador Grigoriadis had a meeting about a month ago with Intourist Committee Chairman Konovalov to whom he expressed the Greek government's disappointment for the delay in reaching a decision. Konovalov responded that hotel construction is not a small matter and that construction of every new hotel constitutes an important investment and, therefore, the matter needs special attention.

However, it seems the Soviets have not yet reached a final decision as to how they will finally cooperate with foreign companies for hotel construction. It could be that they consider the possibility of building hotels themselves. Any way, it is expected that the relevant Soviet intentions will be made clear at the Moscow meeting.

Certain difficulties have also risen concerning the question of repairing and building Soviet ships in Greek shipyards even though overall maritime cooperation between the two countries is developing in a favorable way. Soviet ship repairs in 1984 yielded 6 million dollars and it is anticipated that in the next 3 years the corresponding amounts will reach 20 million dollars annually.

Greece is first among foreign countries in ships chartered for transporting Soviet cargoes to and from Soviet ports. Moreover, during A. Papandreou's visit to Moscow an aide memoire was signed providing cooperation in the maritime sector, especially in areas concerning education, transportation, repairs and construction of Soviet ships in Greece, as well as cooperation in international maritime organizations wherever possible.

In Moscow also, it was agreed in principle to have 4 Soviet refrigerated ships built at the Skaramangas Shipyards at a cost of 65.6 million dollars. Now again, the Soviets seem to condition any further orders for ships on counter balances in the event of natural gas procurement

At the same time the Soviets think the Greek shipyards could get more orders if they adjusted their charges to those of competitive countries (Malta, France, Spain, and Portugal). They claim that the Soviet company Sudoimport recently sent two ships to Italian shipyards for repairs at a cost of 760,000 and 860,000 rubles because the Greek shipyards, from which it originally asked for bids, evaluated the cost for such repairs at 1.02 and 1.1 million rubles, respectively.

At any rate, the issue of maritime cooperation will also be discussed when Merchant Marine Minister St. Alexandris visits Moscow on 8 September. At that time the eighth meeting of the regular inter-ministerial commercial maritime committee will take place as the 1975 Greek-Soviet maritime agreement provides.

At the Moscow meeting the Greeks intend to renew an old request for establishing Moscow offices for ITCO, the Greek Agricultural Products Export Company [AGREX] and the Hellenic Organization of Medium- and Small-Size Enterprises and Handicrafts [EOMEX]. This request was not accepted by the Soviet authorities, while on the contrary, the Greek government accepted the Soviets' request to establish in Athens an office of the Soviet State Committee for Foreign Economic Relations.

On their side the Soviets are expected to raise the question of increasing exports of Soviet machinery to Greece where they feel they have started losing some ground. As a superpower, the Soviet Union believes its exports to other countries cannot be limited only to raw materials but also to industrial products. According to data cited by the Soviets, in 1985 exports of Soviet-made machinery to Greece was valued at 84 million rubles compared to 184 million rubles in 1984, while up until now, the 1986 contracts amount to only 13 million rubles.

According to the Soviets this development, coupled with the losses from lower oil prices, creates a problem in financing imports from Greece. They believe there exist two important impediments for increasing exports of Soviet machinery to Greece: the Greek demand for submitting proposals in drachmas instead of dollars and the Greek technical specifications which cover only known Western machinery.

Besides Deputy Minister Papandoniou and officials of the National Economy Ministry, the Greek delegation, which leaves for Moscow tomorrow, includes representatives of the Foreign, Agriculture, Industry, Trade, Energy, and Technology Ministries, as well as representatives of the Hellenic Industrial Development Bank [ETVA], AGREX, ITCO, EOMEX, ELVA [as published], the Elevsis Shipyards, the Greek Shipyards, and the Public Petroleum Corporation. Composition of this delegation shows the extent of the issues to be discussed and the importance the Greek government renders to this meeting for further promoting Greek-Soviet economic relations.

Hopes Wane for Alumina Project

Athens TO VIMA in Greek 24 Aug 86 p 6

[Article by G. Kraloglou: "The Plan for Alumina Fails"]

[Text] The beginning of the end of the ambitious program of state alumina or the start of a new cycle of adventure for this state initiative will be the result of the discussions of the fifth meeting of the Greek-Soviet Inter-Governmental Committee for economic cooperation which opens tomorrow night in Moscow and end next Friday.

With this thought--which deeply concerns those preoccupied with the alumina affair--will be traveling tomorrow noon to Moscow National Economy Deputy Minister G. Papandoniou, as head of the delegation, ETVA Governor K. Sofoulis as president of the Greek Alumina Company (of the company, that is, which will manage the complex--if it is established), P. Kyriakopoulos, president of the Association of Mining Enterprises, as representative of the miners, and other government officials.

Besides the formal diplomatic optimism, nothing prejudges that the Moscow discussions will have positive results as concerns the state alumina plant--the fate of which is already sealed.

The government, with Deputy Industry Minister Vaso Papandreou at the forefront, has decided to end the development of the project if the absorption of the plant's whole production of 600,000 tons is not first ensured. This decision (on which Paso Papandreou is unyielding) was taken following evaluation of the situation after the Bulgarians again reneged on their original agreement to buy 200,000 tons of the plant's production with 400,000 tons going to the Soviet Union (on the basis of a relevant agreement).

Explanation of the Bulgarian Refusal

Of course it must be noted that the Bulgarians do not agree they have reneged. As a matter of fact, in a letter to National Economy Deputy Minister G. Papandoniou they explain that their refusal to sign the agreement is due to the fact that the Greek government has not promoted the various programs of cooperation in joint investments and purchases of Bulgarian products.

However, the Greek authorities believe that Bulgaria's present economic situation, coupled with its weakness to cover 50 percent of the alumina value in foreign exchange (as originally agreed) is the main reason for reneging and that the reasons cited by the Bulgarians are "formal diplomatic excuses." Thus, there is no hope whatever on the part of government authorities and other administrative officials in revitalizing Sofia's interest.

For this reason all attention turns to Moscow. If, indeed, the Soviets buy--as it appears--the 200,000 tons which remain as an undisposed quantity then all can change concerning the alumina project. But, the question remains: "Have the Soviets reason to buy more Greek alumina?"

Evaluation of the same officials show that the Soviets have no trade concern at all for buying the 200,000 tons. Thus, what remains now is to combine this concern with any other possible agreements they can reach with the Greek government. However, the difficulties arise from now on, since the Soviets want:

--To sell to Greece natural gas through installations the government must construct and for which the Soviets offer their cooperation.

--To undertake establishment of a factory for stainless steel.

--To provide Greece with the necessary equipment for the Thisavros and Ag. Dimitrios energy stations.

--To cover the needs of Athens and Piraeus with [electric] trolley cars.

--To have the Greeks change their policy of asking bids in drachmas in contests concerning offers by the Soviet Union.

--To increase the Greek volume of purchases of Soviet goods.

--To have the Greeks accept the view that the fall in oil prices increased the inability of the Soviet Union to pay in exchange.

--To have the Greek government increase the quantities of oil it imports from the Soviet Union.

Before such Soviet demands the Greek government authorities and administrative officials find themselves in a difficult situation since:

--They have no reason to increase imports from the Soviet Union when the oil market presents a still greater opportunity for purchases at low prices.

--The Greek budget cannot withstand establishment of natural gas installations. Many economic ministers and technocrats have branded such installations as "a luxurious project without substantial yield."

--The government has no reason to undertake one more ailing industry such as the proposal for stainless steel by consolidating this unit with Larko or other ailing industries (according to a recent statement by Vaso Papandreou).

--The Greeks have no reason to treat the Soviet bids in procurement contests differently since this will be at the expense of public investments.

Thus, the question rises: "What will be those provisions of the agreement which, when evaluated together, will lead the Soviets to the decision to accept purchase of 200,000 tons of alumina (when they certainly have no particular need for their production)?"

Therefore, the most probable development will be the signing of some joint announcement which will express the desire for cooperation and the whole issue will be referred to committees for study. This will be so, because those directly interested in the alumina plant--the Greek Alumina Company and ETVA's Governor Sofoulis, do not want and do not have any reason, moreover, to take the decision for abandoning this ambitious state program.

The same "wishes" will be expressed for the stainless steel complex which will also follow the fate of the alumina plant, since it is more than certain that the government is not about to spend money "for establishing a unit of doubtful success and desired only by the technocrats," according to a high government source.

State Investments

The alumina and stainless steel affair brings fatefully to light the overall network of state initiatives for industrial investments, among which stand out (besides the above investments) the Metva sulphur condensation unit, the lignite gas unit, the potassium silicate unit, and, finally, the most important investment of the ELVIL [as published] telecommunications material. There are many today who argue that the whole issue is "frozen". The Metva project seems to have the same fate, as does the story of lignite gas and all related planning of advisers and technocrats of the Economic and Industry Ministries of recent years.

Exports to USSR

Athens TA NEA in Greek 30 Aug 86 p 18

[Text] Trade Minister G. Katsifaras and Foreign Trade Special Secretary Th. Bellias announced yesterday that the Soviet Union will buy from our country 100,000 tons of wheat, 100,000 tons of maize, other agricultural and industrial products, and other items which are not included in the traditional trade exchanges of the two countries. These purchases will have a total value of 35 million dollars.

Among the industrial products to be exported to the Soviet Union are steel tubes, light industrial products, knitted items, shoes and cotton.

Details on Agreement With USSR

Athens TA NEA in Greek 30 Aug 86 p 18

[Text] The fifth meeting of the Greek-Soviet Inter-Governmental Committee ended yesterday in Moscow. An aide memoire was signed as well as the timetable for the 1986-88 activities for implementing the "Long-Term Program for Development of Economic, Industrial, Scientific and Technological Cooperation," which was signed by the premiers of the two countries in 1983.

National Economy Deputy Minister G. Papandoniou headed the Greek delegation while Alternate Foreign Trade Minister N. D. Komarov headed the Soviet delegation. The issues discussed were particularly important. It should also be taken into consideration that the delegations met at a period when the exchange revenues of the Soviet Union dropped because of the decrease in the price of oil, a fact which has created problems for Greek exports. Yesterday's announcement included the following:

--The Soviets agreed to the Greek request to redefine quantities of exports of Greek products with an aim at maintaining the volume of Greek exports at the 1985 level which was the highest ever.

More specifically, it was agreed to export to the USSR by the end of 1986, 100,000 tons of hard wheat, 100,000 tons of maize, 4,000 tons of olive oil, 10,000 tons of pipe, as well as other products--olives, knitted products, shoes and cotton.

In addition, Greek exporters were assured of the possibility of submitting proposals for exporting new products to the USSR. It is estimated that the value of the above products exceeds 35 million dollars.

It was also agreed to assume new initiatives for exploring the spectrum of traded products with an aim at increasing the trade transactions on a long-term basis. By the end of 1986 exported Greek products of broad consumption will be determined and a 3-year (1987-89) Program of Exports of Greek Products to the USSR will be prepared.

--The meeting achieved important progress in clarifying the conditions of cooperation on three large projects: alumina, natural gas, and stainless steel. Specifically:

a. Alumina: The Greeks asked the Soviet Union to buy the additional quantity of 200,000 tons in order to ensure the economic viability of the project and to speed up the plant's construction. The Soviets accepted this request and an order was given to the appropriate enterprises and agencies to complete the relevant negotiations by the end of October 1986. Thus, favorable conditions have been created for the realization of this large investment.

b. Natural gas: The two sides agreed to complete by the end of 1987 their negotiations in order to make possible the adoption of a final decision concerning the question of supply of Soviet natural gas in a way profitable to both sides. The Greeks pointed out that the making of such a decision pre-assumes an agreement on counter balancing (cost being offset by purchases).

c. Stainless steel: Given that such an investment has not yet been decided on by the Greeks, it was decided to continue exploratory discussions on the possibilities of cooperation in establishing in Greece a plant for producing stainless steel and exporting part of the production to the USSR.

The two sides expressed their satisfaction for the construction of four refrigerated ships by the Greek Shipyards. The Soviet side accepted the Greek proposal for an increase in the repairs of Soviet ships and for exploring the possibility of new orders for building ships by Greek shipyards.

The two parties also discussed promoting cooperation in a number of other sectors such as agriculture, hotel construction by Greek companies, and social insurance of repatriated Greek political refugees.

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ECONOMIC NORWAY

GOVERNMENT STATISTICS OFFICE: EXPANSION AT END OF CYCLE

Oslo AFTENPOSTEN in Norwegian 27 Aug 86 p 33

[Article by Cecilie Norland]

[Text] Economic growth is leveling off in Norway. It appears that Norway has passed the peak of the economic upturn that began in 1983 and the outlook for 1987 indicates much weaker growth in private demand and zero growth in total investment. This information was provided by the Central Bureau of Statistics in its latest economic review.

Growth in Norway's Gross National Product fell substantially in the first half of this year compared to the same period last year. In spite of this the bureau predicted that the level of activity will remain high in the next few months and that the effects of the turn in the business cycle will not have their maximum impact before 1987. In the opinion of the bureau the reason for the weaker GNP growth is that demand in both the private and public sectors has declined, import growth has slowed somewhat and some branches have been handicapped by capacity problems.

Major elements of uncertainty with regard to future economic developments involve how much money people will save, how much wages will increase and how oil prices develop.

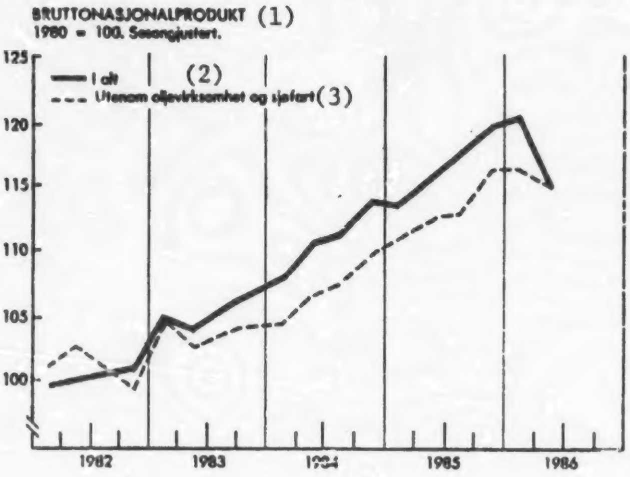
Weaker Growth

Growth in the area of private consumption has been strong for some time, but the Central Bureau of Statistics now believes it sees signs that this growth will moderate. Consumption will increase by around 4.5 percent from 1985 to 1986 and then: "For 1987 a very moderate growth in the area of private consumption should be expected," according to the bureau. It also noted that the rate of growth in the area of public consumption is now clearly lower than it was in 1985 and that the public consumption growth rate in 1986 could be the lowest it has been since 1960.

Investment Declining

Investments in the oil industry could set a record in 1986, with an increase of 15 percent compared to last year. Next year, however, the bureau predicted a decline of close to 20 percent in investment volume.

Growth is still strong with regard to industrial investments in general, but even so it is weaker than it was last year. "We cannot count on any substantial growth in 1987," wrote the bureau which thinks that investments outside the oil and shipping sectors will make no contribution at all to the growth of GNP next year.



The diagram shows development trends in Norway's Gross National Product and provides clear signals that growth has leveled off both for "mainland" Norway and for the Norwegian economy as a whole. Source: Central Bureau of Statistics.

Key:

1. Gross National Product 1980 = 100, seasonally adjusted	2. Total
	3. Minus oil industry and shipping

Higher Price Increases

The trend for Norwegian exports could indicate a certain amount of upward development, but the degree of growth in the Norwegian export market is quite uncertain because at this point it does not look as if the lower oil prices have led to increased growth as far as our most important trade partners are concerned.

Unemployment is still quite low, only 1.8 percent, but as production growth declines throughout 1987, employment growth will definitely be lower, the bureau wrote.

The Central Bureau of Statistics also made a sharp upward adjustment in its estimate of price increases. In February the bureau was anticipating a price increase of 4 percent this year; after the devaluation this figure was increased to an average level of 7 percent for the year, but it is expected that inflation will be much higher than that by the end of the year. The economic survey also suggested that wage growth will increase in the future.

Increased Deficit

Norway's foreign economy has deteriorated sharply. The deficit in the foreign operating balance could mount up to 16 billion kroner for the first half of this year and the bureau anticipates big deficits in the years ahead. The devaluation will make the foreign balance situation worse at first, but later it may help to improve it somewhat. Norway's disposable real income fell 6 percent from last year to this year, according to the bureau.

6578
CSO: 3639/154

BANKERS' ASSOCIATION SEES CONTINUED NEED FOR STRONG AUSTERITY

Oslo AFTENPOSTEN in Norwegian 27 Aug 86 p 33

[Text] "Even if economic development in 1987 is moderate it is as important as ever to implement austerity measures. The assessment of the Bankers' Association also points in the direction of weaker growth in 1987, but the level of activity is still high and seems likely to remain at a high level for some time to come," said Director Ingvar Strom of the Bankers' Association in a comment on the economic report from the Central Bureau of Statistics.

The Bankers' Association previously estimated that the government should save 3.4 billion kroner for 4 years in order to bring Norway into a position where budget and foreign balance deficits are manageable. Strom emphasized that wage and price growth is high, our competitiveness has weakened and borrowing demand is still extremely strong. He said the main strategy must be austerity in public budgets until it is quite clear that activity is showing a strong downward tendency.

Assistant Director General Jan Fredrik Qvigstad of the Norwegian Bank said in a comment that there is nothing new in the economic situation that would change the Norwegian Bank's recommendation for further austerity with the emphasis on fiscal policy, preferably on the spending side of the budget. He pointed out that the Central Bureau of Statistics itself said that activity will continue to be high in the time ahead and that the labor market will also be tight in 1987.

Assistant Professor Asbjorn Rodseth of Oslo University's Department of Economics said that most signs indicate that we are at a turning point and he anticipated weaker growth in both production and employment from now on. However he stressed that we should not be overpessimistic and pointed out that the labor market is still tight and that activity in some sectors has been so overheated that a little moderation would not be a bad thing.

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CSO: 3639/154

ECONOMIC PORTUGAL

ESTIMATES POINT TO POSITIVE CURRENT ACCOUNTS BALANCE

Lisbon O JORNAL in Portuguese 29 Aug 86 p 4

[Text] The current transactions balance will show a positive figure of about $1 billion by the end of the year, although the government had foreseen a negative balance of $700 million.

This favorable present situation, independent of the intentions of the government and only seen as probable since March, is the result, the Ministry of Finance says, of the sharp increase in tourist income, the development of income from emigrants and the return of Portuguese capital exported in earlier years.

A Ministry of Finance report on the development of the situation in 1986 to which the ANOP had access says that the development of exports and imports of goods fell below the projections, but the trade and current transaction balances improved. The current transaction balance showed a surplus of $209 million for the first 5 months of the year.

The Ministry of Finance predicted a real increase in investments of between 9 and 10 percent, in view of the results reported by the National Statistics Institute (INE) in the survey of the industrial situation for the second quarter of this year. The results of the survey, which have not yet been announced, point toward a rise in the industrial production index of 19 points, and 76 percent use of installed productive capacity in the processing industries (the best since 1973) and 79 percent for equipment goods (the best since 1981).

According to the Ministry of Finance, the consumer confidence index, established on the basis of 100 with reference to October 1980, reached its lowest value in June of 1984 (45), recovered to 67 in October of 1985, and rose rapidly between February and June of this year to 98.

With regard to inflation, the report notes "a sharp slowdown," with the present level at 11.2 percent, when measured in terms of homologous months, or 13.8 percent, in reference to the average variation in the past 12 months.

An indirect index of confidence in the economy to which the ministry refers is the number of stock transactions on the Lisbon stock market in the first half of the year, which exceeded the figure for the same period in 1985 by 64 percent, with the average quotation up 45 percent.

The development of the foreign situation, with the joint decline in the dollar rate, oil prices and international interest rates, made a decisive contribution to these results.

It will be recalled that at the beginning of the year, when the state budget for 1986 was presented, government projections pointed to a high deficit of about $700 million in the current transactions balance.

Last July, the Ministry of Finance projections pointed toward a positive balance of between $600 and $700 million, while the Bank of Portugal ventured $840 million as its figure.

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CSO:3542/154

ECONOMIC PORTUGAL

ECONOMIC SITUATION ALLOWS INCREASED PENSION AMOUNTS

Lisbon DIARIO DE NOTICIAS in Portuguese 3 Sep 86 p 2

[Excerpt] The government has decided to effect a special update of the minimum amounts for disability and old-age pensions, involving increases of 14 to 45 percent, and also to update fishermen's pensions by amounts ranging between 26 and 129 percent. This measure will cover about 1,3 million Portuguese citizens and will become effective as of 1 September.

The pension increase was announced by the head of the executive branch at the conclusion of the meeting of the Council of Ministers yesterday. According to statements made by Cavaco Silva, the increases have been made possible by the "savings already achieved" and are the product of "strict management of public funds."

The government decided to increase pensions in particular for workers in the general system (those who are contributing to it), bearing in mind, where the special system for farm workers is concerned, the effort this sector has made as a contribution to social solidarity.

In this connection, the new amounts are as follows: $10,000 (formerly $6,900) as the minimum for disability and old-age pensions in the general system; $7,500 (formerly $5,900) for disability and old-age pensions in the special system for farm workers, and $6,500, (formerly $5,700) for disability and old-age pensions in the noncontributive and equivalent systems.

The new sums represent an increase of 45 percent for the general system, benefiting about half-a-million pensioners, and 27 percent for the special farm systems, benefiting an equal number. The smaller increase (only 14 percent) affects the noncontributive systems and will affect almost 300,000 pensioners.

The government also announced that these increases are merely intended "to compensate gradually for the cumulative reduction in the value of pensions which occurred up to 1985," such that it in no way compromises the intention of going ahead in the future with the annual revision designed to increase the current purchasing power of all pensioners, and not only those covered by the minimal changes.

Cost of New Pension Allocations

The changes which have now been decreed will involve an increase in state expenditures, according to government estimates, of about 9 million contos in the balance of this year, and will mean costs of about 26 million contos in 1987.

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SHIPPING SECTOR PROBLEMS EXAMINED

Istanbul MILLIYET in Turkish 4 Jul 86 p 2

[Article by Mumtaz Soysal]

[Text] This year, the first of July was celebrated differently from past years. There were not only ceremonies, but meetings, symposiums, panels, and debates as well.

As in a number of other areas, the more the features of the shipping scene were talked about, the more apparent and understood it became that, in the end, the results achieved in the shipping sector and termed a great success are, in fact, nothing more than an unhealthy situation.

Perhaps the most interesting of the various speeches given at meetings organized by maritime workers, the Ministry of Communications, and shipping employers was that of the Turkish Maritime Union chairman.

Before everything else, his speech was interesting from this respect. Maritime workers, as all the people who work for a living, bore on their shoulders the burden of the economic model applied for six years. Everyone was or became willing to give up various rights, to work for wages that reduced their true purchasing power, and, in short, to participate in extremely severe self-denial in order to save the Turkish economy. The money and rights that were taken from those who work flowed to the private sector in the form of convenient credit and major state support.

And what was the result?

At first glance, the result was extremely spectacular. The Turkish maritime merchant fleet leapt from a total of a little over a million deadweight tons in 1980 to 6 million deadweight tons in 1986.

But, what kind of leap was it?

According to figures based on a scientific study conducted by the union chairman's Chamber of Maritime Trade and freely made public, the increase in tonnage was definitely not healthy and is deceptive. A fleet consisting primarily of foreign-made, aged ships cannot help but remain a fleet that transports goods within the country.

If we look a little closer we see that the growth in the fleet, which appears to have increased multifold from the standpoint of tonnage, was growth created by the addition of a few very large ships, and a large number of very small ships. Large dry-bulk carriers and liquid-fuel tankers make up 67 percent of the fleet's total tonnage. If you examine the figures, you see that these 132 ships equal only 17 percent of the total number of ships in the fleet. And nearly all of these ships are used to transport goods domestically rather than to engage in maritime trade in the true sense on the seas of the world, to carry goods from one party to another party. In other words, they transport petroleum and mineral ores which are obtained through state channels.

This is because it is not possible to compete head-to-head in international waters with these ships. Before long, all of them will be so old they will be sold to the "junk man" or for scrap. Do you know the average age of the fuel tankers in the Turkish maritime trade fleet? It is 24.8 years. This is the age tankers are normally used for scrap metal.

However, these can be considered young in comparison with the dry-bulk carriers that were brought to our country through foreign purchases. The average age of these 90 ships, which total approximately 360,000 deadweight tons, is 33.9 years.

The young ships in the fleet are very small coasters, which are built in this country and which are used primarily very close to the shore and generally to transport sand. You can see hundreds of small ships anchored at the sand depots at Zeytinburnu, loaded until they almost sink, and empty ones in front of Kumkapi.

Such a fleet causes native shipowners to engage in speculation, gambling with credit and cargo, rather than in serious maritime trade. Later, an owner sells one of his huge and clumsy ships because of the money games that are so easy to play, and the tonnage of the Turkish merchant fleet takes a great plunge, a fall of 300,000 tons, 400,000 tons.

It is impossible to engage in maritime trade in this manner, and Turkey cannot, from the standpoint of its own economy, hand over maritime trade entirely to such an unhealthy sector. Today, when there is plenty of talk about making state operations privately owned, the need to continue a mixed-economy structure in maritime trade is, once again, apparent. In addition to a private sector in which there are vast waves and unreliable developments, it is necessary to maintain state operations that are secure and reliable. In order to do so, you cannot sell state ships.

Let this be a lesson for other sectors as well.

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CSO: 3554/142

ECONOMIC TURKEY

BANKER SAYS BUSINESSMEN MUST DEVELOP LONG-TERM VIEW

Istanbul MILLIYET in Turkish 5 Jul 86 p 4

[Article by Zulfikar Dogan]

[Text] Ankara -- Born in 1942 in Poland, Turkish expert Cengiz Israfil, whose father is a Turk from Azerbaijan, has lived in the United States for years. He graduated with a degree in mathematics from Columbia University in 1967 and began working for the Morgan Bank the same year. The Turkish expert, who works with municipal bonds, government securities, and money markets, also has a doctorate dissertation on economic development during the Ottoman era. Israfil has been a specialist with the Morgan Guaranty Trust for 19 years and has attained the post of vice-chairman.

Israfil is an expert who is one of Prime Minister Turgut Ozal's important resources for his "importation of ideas" from the United States to Turkey. Israfil, who has reached the status of vice-chairman of the renowned American financial institution, Morgan Guaranty Trust, holds a key position in two of Ozal's significant projects.

Israfil is closely connected with Turkey both because of the sales plan for the KIT [Public Economic Enterprises] drafted by Morgan and because he gives "basic advice" on the government's thoughts on a "gold exchange."

Israfil, who is an expert on the topic of gold, believes, in contrast to government officials, who consider him "wise," that "a gold exchange is not necessary."

Israfil states:

[1.] "The populace in Turkey has invested in gold for centuries. It will continue to take advantage of this possibility during the sale of the KIT.

[2.] "Between 1968 and 1983, 514.4 tons of gold were imported to Turkey by unofficial methods. This amounts to a then-current market value of $1.9 billion. There is potential for investment, but this money is sheltered in gold.

[3.] "During a 3-year period when brokerages were at a peak, 41.4 tons of gold were exported from Turkey. This had a market value of $658.5 million. At that time, the people abandoned gold and invested in other areas.

[4.] "Later, when income from interest fell, importation of gold resumed.

[5.] "During my investigations, I contacted dealers in gold. There is no gold exchange, but there is a gold market. I do not believe that conditions exist for a gold exchange. These transactions can even be conducted by telephone.

[6.] "The gold that is being imported is evidence that the masses possess money, because this type of investment cannot be made by those without money. There is capital in Turkey, but it is invested in passive areas. If a favorable environment were created, a capital market could develop, because capital exists.

[7.] "In order for this development to take place in Turkey, the state and, especially, high-level officials must alter their mentality. Too, in order to sell KIT shares, it is necessary to attract this gold to the market. There are a host of things in the Capital Market Law preventing this. They are, of course, political. It would not be correct for me to speak about them.

[8.] "It is also necessary for businessmen to change their thinking and their approach to investment. Turkish businessmen wish to profit immediately. Those you call businessmen must enter the market on a long-term basis. Calculations must be spread out over a long period of time. However, from what I have seen, Turkish businessmen do not have this mentality. They believe in quick profits."

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BRIEFS

GOLBASI DAM BIDS OPEN--Bursa (AA)--Bidding on the project to build a dam at the Golbasi Resevoir, located at the 20-km point on the Bursa-Ankara Highway, will take place in September. The Golbasi Reservoir was created in 1931 to prevent damage to the Bursa plain when the Aksu Stream flooded. DSI [State Hydraulic Affairs] First Region Directorate officials reported that the Golbasi Reservoir now holds 14 million cubic meters of water per year and irrigates 19,000 decares of agricultural land. They stated that construction of the dam, which will be open for bids in September, will cost 12 billion liras at 1986 prices. The dam will hold 42 million cubic meters of water when completed. A regulator will be built near the village of Gozele for the purpose of providing an additional water supply for the dam and will cause the Delicay Brook to flow into the Aksu Stream. The amount of land in the area that can be irrigated will increase to 73,000 decares. [Text] [Istanbul DUNYA in Turkish 4 Jul 86 p 4] 11673

CONSORTIUM QUESTIONS PIPELINE CONTRACT--A high-ranking official from Tekfen Construction Corporation, a partner of the Italian Saipem Consortium, which appears to have lost in the bidding on the Turkish-Soviet natural gas pipeline project, complained that negotiations were concluded within a very short period of time, saying, "Discussions of proposals for the second Iraqi pipeline lasted six months, and cost bids were requested three times. What has become the standard procedure for bidding was not followed, and we regard it as strange that a decision on proposals was made after the short period of two weeks." Meanwhile, the Tekfen Construction Corporation official stated that it is not correct to say that the Spie Capag Consortium, which includes the Enka Group, has definitely won the contract. He said that, if credit on which the proposal was based cannot be secured, the same opportunity will be given to the Saipem Group in the middle of this month. The Tekfen official pointed out that he believes that his proposal offers credit under more favorable terms. He noted that credit costs are not included in the Spie Capag Group's bid of $292.3 million whereas they are in the Saipem Consortium's $333.2-million-proposal. The official stated, "The figures do not exactly reflect costs. If evaluations of proposals had been made by reducing bids to the same base, it would bave been seen that the prices we quoted are nearly at cost." [Text] [Istanbul DUNYA in Turkish 4 Jul 86 pp 1,9] 11673

CSO: 3554/142

MILITARY

TURKEY

BRIEFS

ANTIAIRCRAFT ARTILLERY PRODUCTION--Ankara (AA)--The MKE [Machine and Chemical Industry] Organization will soon begin production on its first large military project. MKE officials reported that preparations for the transition to production have reached the final stage at the Cankiri Antiaircraft Installation, which has the distinction of carrying out the first defense project financed by the Defense Industry Support and Development Fund. Production will be underway within a month or two. At the first stage, the facilities will manufacture five 20-mm antiaircraft missiles. Later, they will produce 35-mm antiaircraft missiles. It was announced that the facilities, which have been established under the license of the Oerlikon Corporation, cost close to 41 billion liras and that a large percentage of the financing was provided by the defense industry fund. [Text] [Istanbul DUNYA in Turkish 4 Jul 86 p 9] 11673

CSO: 3554/142

WORLD ANXIOUSLY VIEWING POSSIBLE NORWAY, OPEC ARRANGEMENT

Oslo AFTENPOSTEN in Norwegian 29 Aug 86 p 36

[Article by Morten Woldsdal]

[Text] Oil, shipping and financial circles around the world are waiting anxiously to see what concrete moves the Norwegian government will now make in relation to OPEC. Norwegian signals on cooperation with the organization have created high expectations in other countries. Interpretations of these signals--and speculation concerning what the Oslo government intends to do--are affecting oil prices, currency exchange rates, gold prices, stock prices and tanker rates around the world.

The international oil market is very nervous at this time. No one involved in the market wants to make firm predictions of oil price developments in the short term. They are all watching each other. Rumors, speculations and interpretations of various signals can also lead to oil price fluctuations that are sometimes quite large from one hour to the next.

When Prime Minister Gro Harlem Brundtland revealed earlier this week that the government will discuss the possibility of regulating Norwegian oil production with the oil companies, it led to an immediate increase in oil prices of 25 cents a barrel. And fluctuations in oil prices also affect the exchange rates of the pound, the krone and the dollar, gold prices and oil company quotations on the Oslo Stock Exchange and stock markets in other countries as well as having an impact on international shipping market developments.

International Attention

The world press is devoting a lot of space at this time to the way Norwegian authorities are handling the OPEC question. Rarely in the past have the eyes of so many foreign business people been turned toward "little" Norway. It is expected that the government will be ready early next week to tell OPEC and the rest of the world what Norway intends to do in concrete terms to help stabilize oil prices.

There are great expectations about what the government will say. Although the government has repeatedly made it clear that it is not considering a reduction in total Norwegian production--just a moderation of planned production increases--many people in other countries choose to regard the signals as an indication that Norway is considering a reduction in total oil production involving a substantial number of barrels a day. They will be disappointed when the government makes it clear once and for all that this is not the case.

Production Increase This Year

Norway's crude oil production is expected to increase by around 100,000 barrels a day by the end of the year as a result of the start of production at the Ula field, early production at Gullfaks and trial production at Oseberg. It is this increase that Norwegian authorities will probably try to check in the first round--by reducing existing production and/or asking the oil companies to postpone or limit production at the new fields. This could be done on a voluntary basis or it could be mandated in accordance with the new Petroleum Act.

If Norway checks production growth by a number of barrels a day, the action is unlikely to have any real impact on the market surplus. But a Norwegian decision to regulate production to check growth could have a big psychological effect in today's very nervous market situation.

Easier for OPEC

A Norwegian agreement to cooperate could make it easier for the 13 OPEC ministers to agree on more permanent production measures at their next meeting on 6 October. A definite positive response from industrialized Norway will lead several other oil countries outside the OPEC group to feel more committed to cooperation with the organization.

And if outside oil producers finally show a willingness to cooperate it will put even more pressure on the OPEC countries to reach agreement among themselves. For if the oil cartel is unable to put its own house in order in this kind of situation, it will never again be able to blame other countries for declining oil prices.

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STATOIL PROFITS DOWN 50 PERCENT FOR FIRST 6 MONTHS

Oslo AFTENPOSTEN in Norwegian 28 Aug 86 p 45

[Text] Stavanger, 27 Aug—The Statoil concern's profits before adjustments were exactly 3 billion kroner for the first 6 months of the year, half of what they were in the same period last year.

Statoil chief Arve Johnsen said at the oil exposition here that this decline is due primarily to the decline in crude oil prices and the labor conflict and production halt in the North Sea this spring.

Operating receipts for the first half of the year amounted to 23.9 billion kroner, an increase of around 20 percent compared to the first half of last year.

Operating receipts were up especially as a result of Statoil's purchase of gas stations and other activities abroad.

"We estimate that profits for the year as a whole will be a good deal lower than they were in 1985, which was a great year," said administrative director Arve Johnsen.

Even so he thought profits would be "good, taking everything into consideration." He pointed out that receipts and profits will depend on price developments for crude oil as well as on production levels and the exchange rate of the dollar.

The concern's investments in the first half year totaled 2.8 billion kroner, mainly in connection with the Gullfaks and Oseberg field development projects and the expansion of the Mongstad refinery.

In this half-year period the concern took out long-term loans totaling around 950 million kroner.

Statoil had access to 10.1 million cubic meters of crude oil in the first half of the year. Of this amount Statoil refined 2.1 million cubic meters while the rest was sold to customers in West Europe and the United States.

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STATOIL TO BEGIN PRODUCTION IN GULLFAKS FIELD

Oslo AFTENPOSTEN in Norwegian 27 Aug 86 p 33

[Article by Morten Woldsdal: "Statoil Passes Test With Flying Colors"]

[Text] Gullfaks Platform A--When the first barrels of oil are produced at the Gullfaks field in the North Sea a few months from now, the state-owned Statoil company will have passed its big test as an oil company. Gullfaks is the first Norwegian oil and gas field developed by a Norwegian company. And well into the next century the field, which takes its name from a fairy tale, will form one of the basic pillars of what we hope will continue to be the Norwegian oil fairy tale.

It takes about an hour to fly by helicopter from Flesland, outside Bergen, to Gullfaks Platform A--the first of the three Gullfaks installations, which is now in place out at the field. The enormous white and red platform stands out in the middle of the ocean, the most Norwegian of all the oil platforms on the Norwegian continental shelf.

When the weather is good one can see the three platforms at the Statfjord field, some 10 kilometers to the west. When the Gullfaks field is completed in 1990 it too will consist of three big platforms that will pump up a total of close to 500,000 barrels of oil every single day. For purposes of comparison, the Statfjord installations currently produce a total of around 600,000 barrels a day.

Operated From Bergen

The Gullfaks field--or Gullblokken, as the field was called at first--lies 140 kilometers northwest of Bergen. The field will be operated from Statoil's new office center at Sansli, outside the west coast city. Sotra and Floro were selected to provide base services.

Statoil will be the first Norwegian oil company to begin producing oil and gas from its own platform on the Norwegian shelf. Gullfaks is also solely owned by Norwegian interests. Norsk Hydro and Saga Petroleum are the other partners in addition to Statoil.

No one in the Norwegian or international oil community has any doubt about it: Statoil has passed a major test with flying colors. With good help from Norwegian industry and Norwegian research institutions the company can be proud of a technological project that has not been equalled anywhere else in the world. Only the Statfjord project can match it in size. But that was carried out by the multinational Mobil concern.

When the last platform--Gullfaks C--is in place at the field in the summer of 1989 the world's largest production platform will have seen the light of day. The great ocean depth means that this will be the big brother of the Gullfaks field. The concrete base alone will be 262 meters high and weigh 1.5 million tons. This building contract, the biggest single contract ever awarded in Norway, has gone to Norwegian Contractors. The base will cost 2.5 billion kroner.

Total Cost of 60 Billion Kroner

But for the time being only Gullfaks A is in place out there in the ocean. Platform B will be added next summer before Gullfaks C completes the construction project. The total bill will come up to around 60 billion kroner.

Some 800 men and women are now working feverishly on Gullfaks A to make the platform ready to go into production. As many as 23 million work hours--the equivalent of 3,000 people working for 5 years--will have gone into the platform by the time it is finished. This installation alone will have cost 15 billion kroner.

Statoil expects to start producing oil late this year from three underwater installations located on the ocean floor around Platform A. Another two will be put into operation later on. The three underwater wells will start production considerably earlier than the company originally anticipated. And the roughly 30,000 barrels of oil a day these wells will pump up in the beginning can create further problems for Norway's relations with the Organization of Petroleum-Exporting Countries, OPEC. Production for Gullfaks Platform A itself is scheduled to start on 1 July 1987.

Norwegian the Official Language

They speak Norwegian on Platform A. The official language on the job is Norwegian--not English, as it is on the other North Sea installations. All the signs are written in Norwegian. Even the text on visual display units purchased abroad is in Norwegian.

The work to complete the platform continues day and night. Light and electricity is produced by the platform's own power plant, which can provide enough electricity to meet the needs of a Norwegian town with 70,000 inhabitants. To provide room for all the people working to complete the project, the residential platform "Polycastle" is moored alonside Gullfaks A.

And several hundred meters away, the drilling rig "Deepsea Bergen" is hard at work drilling production wells.

When the newcomer in the Norwegian oil family goes into operation the oil will be collected by big tankers and taken to customers around the world. The gas will go through Statoil's other prestige project, the Statpipe pipeline, which is the new main route for transporting Norwegian gas to the rest of Europe.

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CSO: 3639/154

ENERGY NORWAY

GAS EXPORTS FOR SWEDISH POWER INDUSTRY SEEN FEASIBLE

Oslo AFTENPOSTEN in Norwegian 1 Sep 86 p 33

[Article by Flemming Dahl]

[Text] Stavanger, 31 Aug--The big gas deposits off the coast of North Norway can be profitably turned into electricity for the Swedish market, according to Tor Wergeland, instructor at the Norwegian College of Business Administration and Economics in Bergen.

Wergeland said that this type of gas-based electricity could prove to be a good alternative for the Swedes if they go ahead with their plan to phase out nuclear power production. The Soviet Chernobyl accident has strengthened their intention to do this.

Wergeland's calculations, which were presented at the international oil exposition in Stavanger, showed that around 90 percent of Sweden's nuclear-based energy can be replaced by gas-based electricity from North Norway.

He estimated that the gas extraction facility at Tromsoflaket would require an investment of approximately 35 billion kroner, while a gigantic gas power plant on the North Norwegian mainland would cost over 60 billion kroner and a network 1200 kilometers long to carry the electricity to the Stockholm area would cost around 10 billion kroner.

The known gas deposits on the North Norway shelf are estimated to contain 250 billion cubic meters of gas. Wergeland envisioned extracting 10 billion cubic meters a year for 25 years, an amount he said could provide 45-50 terawatt hours of electricity a year.

Wergeland believes that gas-based electricity from North Norway could be a more reasonable alternative for the Swedes than electricity produced from coal or oil.

"In my opinion several thousand people will be needed in the construction phase and several hundred in the operational phase," Wergeland told AFTENPOSTEN.

Wergeland's calculations were intended to shake up many people who think it might take several decades before it will be profitable to invest in gas extraction on the continental shelf off the coast of North Norway.

He does not ignore the fact that it might be even more profitable for the Swedes to invest in electricity from the gas deposits at Haltenbanken off the coast of central Norway. But for the time being the Tromso site should be included in the debate on how Norwegian gas can help meet Sweden's energy needs, he said.

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West Europe Report

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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POLITICAL NORWAY

GRO HARLEM BRUNDTLAND COMMENTS ON OUTLOOK FOR GOVERNMENT

Oslo AFTENPOSTEN in Norwegian 12 Sep 86 p 3

[Interview with Prime Minister Gro Harlem Brundtland in her office on 11 September by reporter Morten Malmo: "Did Not Expect a Bed of Roses"]

[Text] [Question] Quite honestly, Prime Minister Gro Harlem Brundtland, will you or Rolf Presthus be delivering next year's New Year's speech?

[Answer] I am betting heavily that there will still be a Labor government in power on 1 January.

[Question] Isn't that the only answer the prime minister can give?

[Answer] No, but I really do believe the government will stay in office. That is the most likely prospect.

This was Prime Minister Gro Harlem Brundtland's "weather forecast" for the fall session of Storting. It is 4 months this week since the Labor Party assumed power and the government is now in the final phase of working on the 1987 national budget which will be presented on 6 October.

Late at Night

The prime minister has had a hard work week. On Monday and Tuesday she attended the Labor Party's national committee meeting, press conferences and government meetings. On Wednesday she met with prominent business leaders and yesterday she welcomed British Prime Minister Margaret Thatcher. But she managed to squeeze the interview in late last night. It was quiet in the tall government building. The only lights shining were in the windows of the prime minister's office.

[Question] Is it inspiring to be prime minister and leader of the Labor Party in times like these?

[Answer] Yes, definitely.

[Question] Why?

[Answer] The more important and demanding the challenges, the more inspiring it is.

[Question] Do Labor Party deputies share that opinion? Is it easy for them to run uphill or would they rather give up?

[Answer] I think the feeling will be increasingly widespread that it is important to have the Labor Party's goals, choice of direction and priorities form the basis for social development. I think this realization is spreading more and more for each week that goes by.

[Question] Have the prime minister's own expectations with regard to government work when the transfer of power occurred in May been realized?

[Answer] I never thought taking on the responsibility for running the country in a period of economic crisis would be a bed of roses. I have never thought that. Therefore I am not surprised by the very demanding job that has to be done and the experiences it involves.

Legacy From Presthus

Gro Harlem Brundtland believes the Labor Party will benefit from having government power. She has little sympathy with speculations about how high the Labor Party poll figures would have been if the party had remained in the opposition. To think that the Labor Party could have moved from around 42-43 percent up toward 50 percent is just not a realistic analysis, she said.

In her speech to the Labor Party's national committee this week the prime minister spoke of the "legacy from Presthus." She said some matters had been cleared up but that more work remained to be done.

[Question] Isn't it tempting to let Presthus clear things up himself?

[Answer] Yes, of course it is, but would he do it? However participating in a parliamentary system is not a free choice situation. One must be prepared to assume political responsibility. That is part of the political reality.

Stop Talking About Tactics!

The prime minister is very tired of all the talk about a "fall hunt" and political tactics. She says this has dominated Norwegian politics and the discussion in the Norwegian press for the last 4 months and she finds that alarming.

[Brundtland] It is time to issue a strong warning to all parties and all political observers about the kind of signals they are really sending to the public. It must never be the case that tactics actually dominate political activity. The Norwegian people should not be given the impression that politics is not serious work based on conviction and aimed at improving the lot of most people in this country. One must not turn politics into a race for opinion poll ratings from month to month. That would be extremely dangerous!

Of Christian, Center Parties

If the prime minister's ambition of delivering the New Year's speech herself is to be realized, the government must have enough support in Storting to enable it to stay in office without losing face. The prime minister does not conceal the fact that she hopes this kind of needed support will come from the two middle-spectrum parties, the Christian People's Party and the Center Party.

The government intends to make such issues as health and social policy, regional policy and improved county and municipal finances top priorities. Voters and party officials of the two parties will have some elbow room here with a Labor government in power.

[Brundtland] The Christian People's Party and the Center Party will benefit from having the country ruled by a Labor government.

If they choose to cooperate with the Conservatives the issues I mentioned will be left on hold. Then the pressure will start to build up and frustration will spread in the Christian People's Party and the Center Party. I think many party officials in the two parties would rather not leave important issues like these on the political back burner.

Not a Caretaker Government

The prime minister does not want the Labor government to be a caretaker government for nonsocialist policy. There are limits. However she will not adopt a line in Storting where the government has to rule on the basis of votes of confidence when this is not necessary. The prime minister reacted strongly to the fact that her predecessor turned issues into votes of confidence "in order to force his own people to line up behind a standpoint," as she put it.

Taxes

Tax planning will be a decisive part of the 1987 budget. Storting must make a decision on this sometime in November.

[Question] Government people have claimed that if the government's tax plan wins support, most people will get tax breaks. Is that correct?

[Answer] Yes, it is.

[Question] Why must the government propose a graduated gross tax?

[Answer] Because it provides a better overall result. The tax burden will be distributed more fairly and interest rates will also go down. It is no accident that Danish political parties have agreed on the same solution.

[Question] Is a graduated gross tax a negotiating card on the part of the government?

[Answer] If new inspired suggestions come up, of course we will be glad to listen to them. A graduated gross tax is just a model for creating a fairer system, it is not a religion.

Tax Level

Is the Norwegian tax burden too high or too low? The prime minister seemed to find it difficult to answer yes or no.

[Brundtland] The reader will evaluate the answer on the basis of his or her own situation and on the basis of how much he or she pays in taxes. It is really a national economic issue.

What we need today is a broader tax base. The distribution of the tax burden is unreasonable. Many people pay taxes on every krone they earn, while other groups do not pay a fair share of the bill. If we are successful the first group will have lower tax rates and a lower tax burden on the personal level.

Tax Changes Dfficult

The prime minister understands that most people are wary of changes in the tax system. However she believes that most people are still inclined to support solidarity and that they have a negative reaction to the fact that some people are not paying their fair share.

[Brundtland] But there is nothing as difficult in any country as making changes in the tax system. Taxes are an arena for political conflict and here we are in a terrain that is open to political manipulation, salesmanship and scare tactics that make it hard to implement reforms.

[Question] Has the government ever considered lowing the marginal tax rate as much as President Reagan did in the United States, so that the Conservative Party is left with nothing to say?

[Answer] Lowering marginal taxes on a large scale would cost billions of kroner. No government is able to do that. Not even a Conservative government could come up with such a proposal.

New Measures in 1987

During the 1985 election campaign the Labor Party handed out "guarantees" that the party would carry out its election promises. The prime minister said that the Labor Party would not necessarily use this form of presentation again to focus attention on the party's main issues.

[Question] How many of the 1985 election promises will be carried out in 1987?

[Answer] We cannot promise that our entire program for the period 1986-89 will be carried out next year. We have already stopped plans to build private hospitals. In addition we will take the following steps in 1987 on the way to fulfilling our guarantees to the voters:

There will be real growth in the health sector next year.

Opportunities to borrow money from the state building fund for small family homes will be improved.

For the last 5 years about 4,000 new childcare slots a year have been created. In 1987 the expansion rate will increase.

Pregnancy leaves will be extended beyond 18 weeks.

Children's benefits will be increased substantially. We will propose the implementation of a system of extra children's benefits for single parents.

We will follow up on legislation guaranteeing the right of young people under the age of 25 to work or receive training.

However there will not be room in the 1987 budget for lowering the general pension age to 66 or for giving pensions to employed people over the age of 64. This will be studied further in the 1988 and 1989 budgets, according to Prime Minister Gro Harlem Brundtland.

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CSO: 3639/157

CHANGES SEEN IN PRD-EANES RELATIONSHIP

Lisbon EXPRESSO in Portuguese 9 Aug 86 p 3

[Editorial by Jose Antonio Saraiva]

[Text] Eanes, nowadays, is a stranger in the PRD.

Why?

Because Eanes and the PRD are now "entities" that have divergent plans and objectives.

Gen Eanes is a former president of the Republic and a probably future candidate for the presidency of the Republic.

The PRD is a political party.

As the former president and the probably future candidate for the presidency, Ramalho Eanes must have irreproachable moral conduct, in which the political contingencies of the moment must be sacrificed to considerations of an ethical nature.

An example: Gen Ramalho Eanes, who put into power the current prime minister Cavaco Silva, and who several times has praised his strict principles and competence, cannot at any time, for mere political interests, begin to criticize him.

However, this cannot be the position of the majority of PRD leaders.

They support the party for the sake of politics and to achieve positions where they can take political actions--whether in the presidency of a chamber, the administration of a public enterprise or a seat in Parliament.

Under these circumstances, they cannot help but subordinate their behavior to the political contingencies of the moment.

Contrary to Eanes, they cannot, for example, help but attack the government--because it would not be to their advantage for the Socialist Party to benefit from the fact that it is the only non-communist party in opposition to the government.

As a result we see that Ramalho Eanes and many PRD leaders cannot help but have different perspectives on political developments.

Eanes must of necessity oppose certain initiatives which some reformists want to take--lest he be forced to accept them against his wishes. Of course that will inevitably create an atmosphere of ill will.

The curious thing about this story is that the Democratic Reform Party was created, according to what everyone said at the time, in order to support the political platform of Gen Ramalho Eanes.

One year since its founding, many things have changed.

There have been people that have installed themselves in power and consolidated their positions, there have been special interests benefiting from higher authorities, there was a course that was followed--all this with the general absent.

Hence, when Eanes joins the PRD in October, many of the leaders who created the party in order to support him cannot help but look upon him as an impediment—if not an actual roadblock, to their "legitimate ambitions," those political decisions which, in their opinion, better serve the Party's interests.

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CAVACO SILVA SEEN SERVING INTERESTS OF LEFT

Lisbon O JORNAL in Portuguese 14 Aug 86 p 6

[Editorial by Augusto Abelaira: "Cavaco, Providencial Man for the Left"]

[Text] A certain clever party of the Right, one at least not directly benefiting from current power, that is, which does not reap the honors and the advantages of that power, and which in a certain way keeps itself on the margin (because of idealism or calculation), asks itself: in the end, Cavaco Silva broke the alliance with the PS because it impeded the famous "structural reforms," but, after almost a year since that dramatic decision, such reforms have not occurred nor is there any means in sight, with a minority government, for them to do so. Thus, except for those who most directly benefit from the honors and the advantages of power, who has the break served? Why must we have a government that will always be paralyzed by Parliament in matters considered fundamental? And, certainly, taking the question further, there will be those who ask themselves, even when they do not dare formulate the doubt explicitly: why, then, was the central bloc not preserved? Looking closely at the situation, the PS is (or was, I don't know) a complacent party, and Mota Pinto as well as Rui Machete were probably right: at least in part, much of what the PSD attempted would have ended up being achieved. In the government and in the alliance, even promising some support to Mario Soares' ambitions to be president of the Republic, the PS would reveal some stubbornness, obviously impossible, in the opposition.

It is at least a plausible hypothesis: much of what the PSD aimed to do would today have been reality. Perhaps.

The victory of Cavaco Silva, his much lauded popularity, would have been a Pyrrhic victory: it would have been a means of achieving certain ends, not an end in itself, and it would have ended up going halfway, not arriving at the desired goal. The guitar that Cavaco won would have been a guitar without strings or, at least, with only one string.

Turning this argument around (or thinking of it in terms of the Left), and because we truly do not know what would have become of the PS in power, if it had continued to be a complacent party, and because we still hesitate with regard to the PRD, perhaps it can be concluded (I do not know whether seriously or ironically) that the appearance of Cavaco Silva was, in the medium term, a gift of Fate, the unpredictable instrument of which history would have been served in order to avoid certain manifestations of the Right; Cavaco Silva, the providencial man, needed to work the so-called structural reforms desired by the Right!

And if you do not wish to take me seriously, don't.

P.S. At my side, a friend suggests to me another interpretation of the unexplainable designs of Fate. According to him, Fate holds well hidden up the sleeve new and relatively imminent elections that provide Cavaco Silva the possibility of forming a majority government, and thus the current situation is a deceptive gift to the Left, a period for Cavaco Silva to catch his breath and gain strength. However, contrary to what one might think, Fate would like to benefit Cavaco Silva by annulling, in the presidential elections, his future rival Freitas do Amaral, because Mario Soares, whether he likes it or not, will end up going the way of Freitas do Amaral, that is, calling elections, given the opposition's inability to form an alternative government.

Could my friend be right? That Fate is reactionary (I refer to the Fate responsible for presiding over the history of Portugal), that it does not know how to change with the times, that it continues to be a supporter of Senhor Dom Miguel, I have no doubts. In fact, I am completely convinced that it is illiterate, and that it only watches television. And that, anyway, these writings (addressed to Fate with the intention of converting it) are completely useless. Being illiterate, it would not be able to read them.

13026/12859
CSO: 3542/144

PAPERS ASSESS BILDT IN ROLE AS OPPOSITION LEADER, PARTY HEAD

Must Weigh Guns, Taxes

Stockholm SVENSKA DAGBLADET in Swedish 19 Aug 86 p 2

[Commentary by Mats Svegfors: "Guns or Lower Taxes?"]

[Text] Parliament Building--In Stockholm yesterday--a rain-laden Monday afternoon--"altar and sword" dominated the building used by the people's elected representatives. The Church Synod was meeting under its secular leadership: Goran Astrand (Conservative Party, Stockholm) is the synod's chairman. And somewhere down in the cellar of the old Government Office Building, in the offices of the Conservative Party Executive Group, Carl Bildt (Conservative Party, Stockholm) had called a press conference to present his party's material for consultation on the question of defense.

Although Bildt's purely personal relationship with the country's armed services is like Astrand's relationship with the church--on being called up for service back in the prime of his youth, Bildt was selected to be a staff welfare assistant--he presided over the press conference with authority. Assisting him was Admiral Rudberg, former Navy commander in chief and a member of the Conservative working group that was now submitting its report. And he stood out as a mature and experienced aide to his future party chairman.

Per Rudberg may be somewhat less militaristic than Bildt. Bildt talked about the report that was about to be circulated within the Conservative Party organization for comment as being our "materiel." Rudberg did not. It would not surprise me to learn that Carl Bildt has been a more diligent observer of Navy "materiel" in recent years than the Navy commander in chief himself. Bildt has probably not had time yet to dress himself and his mind in that civilian uniform which party leadership is going to require, hence his grammatical slip of the tongue.

Bildt talked and explained. The reporters dutifully took notes and respectfully asked questions about the topic prescribed in the invitation to the press conference. "This was a good seminar" was Olle Soderlund's sour comment on the report after the press conference was over.

The "material for consultation" concludes with a number of questions. Their wording is engagingly straightforward. Bildt and his working group are asking the Conservative Party's working members around the country precisely those questions which the Conservatives will find it touchy and difficult to weigh in the final stage of the Defense Committee's work.

The first question is whether the Conservatives should be prepared to do battle over defense or whether it is more important to achieve unity. Bildt's own preliminary answer provides no clear-cut guidance in that respect. His formula for the time being goes as follows: "It's good to have a good agreement. It would be bad to have a bad agreement."

The second question concerns taxes. Defense costs money. "In the long run," those expenditures must be offset by state revenues, and that in turn "will require a certain tax levy on the citizens." The wording is, to put it cautiously, cautious. But having been chastened by the years of nonsocialist government, Conservatives probably know what the wording means.

Should the Conservative Party leadership be prepared to accept a relative increase in taxes to reach an good agreement on defense? Should it be guns or lower taxes?

Sweden's vulnerability and Sweden's role in international disarmament work are aspects of security policy which, even in other connections, rank only third or fourth in Conservative policy. Though not so worded, what the Conservative report says is this: "Can we continue this way?"

The questions are open-ended, differing in that respect from the type of question that party leaders usually put to their members. "Do you think that a small number of capitalists should make the decisions in workplaces, or do you want democratic influence through wage earner funds?" is a type of question more representative of the internal democracy that the country's political parties usually engage in.

Carl Bildt uses a mellow tone within his party. And his ambition is probably to be fairly mellow in talking to those outside as well. But in that respect, his talent with words gets the better of his ambitions. According to the future chairman of the Conservative Party, the minister of defense is so uncommunicative that it is difficult to know where he really stands.

Bildt assumes that Roine Carlsson is still "in an input stage." When asked about the significance of the fact that he will keep his seat on the Defense Committee after becoming party chairman, Bildt said that it would create scheduling problems, but that it was a good thing otherwise. With a restrained but ill-concealed delight that was clearly aimed at his colleague Westerberg, Bildt said it would "require that other party leaders study up on the question."

After the press conference, Bildt took off for the Parliament House Restaurant (this shows that he is as conscientious as he is willing when it comes to making sacrifices: a party leader must be prepared to share his people's fate, and that means eating in the Parliament House Restaurant when one is a party leader). There the altar and the sword met. Before Bildt made his entrance, the feeding establishment had been dominated by Messrs Werkstrom and Stendahl in their little clerical dickeys. But the presence of a future party leader tempts laymen and prelates alike to do a little arm-twisting. Lines formed in front of the Bildt lunch table.

Under the rules that prevail in the world's only socialist monarchy with a state religion, it falls to a party leader's lot to be more than just an authority on Russians, guns, and taxes. He must also interpret the Bible and ascertain whether it is God's intention that women should be ministers. In Sweden, altar and sword are thereby united in an indissoluble union. And after 23 August, Bildt will shine in all those areas combined, along with his colleagues Westerberg, Soder, Carlsson, and Werner the dean.

Bildt's 'Test of Fire'

Stockholm DAGENS NYHETER in Swedish 20 Aug 86 p 2

[Editorial: "Test of Fire for Bildt"]

[Text] The Conservatives are going out to their party branches and asking for views on defense policy, the main purpose being to obtain answers to two core questions: how desirable is an agreement across party lines and how should the strengthening of defense be financed?

It is to be hoped that Conservatives all over the country will take those problems seriously. From the standpoint of orthodoxy, of course, nothing would be simpler than to pursue the demand for a 2-percent annual budget increase and let the cost be covered by cutbacks in other government spending. That may a basic Conservative attitude, but sticking to it with no sidelong glances would mean depriving the party at the same time of possible influence on the coming defense decision.

Other parties besides the Conservatives also have reason to think about the further actions they will take in the runup to the defense decision. The Social Democrats have really not committed themselves to anything besides the idea that defense spending should at least not be reduced during the period from 1987 to 1992--otherwise, the field is open, at least up to an increase of 600 million kronor in the defense budget. The Liberal Party, which has decided in favor of precisely that amount, has reason to ask itself whether that really corresponds to the higher aspiration level for defense that it advocates. And for both the Liberals and the Center Party, the question is which way they should turn to begin with in seeking an agreement: should they seek an adjustment with the Conservatives to come up with a joint nonsocialist line, or should they try for an agreement with the Social Democrats directly?

It looks as if we are in for a long-drawn-out battle in which both commitment on specific issues and partisan considerations will play a role. For Carl Bildt, it will be something of a test of fire to combine the knowledge he has had many years to acquire with his suddenly acquired role as leader. If he is able to use his advantages skillfully enough, the Conservatives may wind up in a key position before the defense decision is made. In that area, it will be difficult for Bengt Westerberg or Karin Soder, and even Ingvar Carlsson, to enter the competition. After Olof Palme and Anders Thunborg, who at the last party congress had to stand alone in opposing unilateral disarmament, the Social Democrats do not have any really outstanding debater on defense issues.

At the same time, a degree of ball-throwing seems to be going on between the Conservatives and the OB [supreme commander of the Armed Forces]. The OB agrees in a somewhat embarrassing way that the Conservatives have spread their 2-percent annual appropriation increase over 10 years so that it comes out exactly even with his own request for a 3-percent annual increase for 5 years. The fact that Carl Bildt is assuming that the OB would be happy during the next 5 years with an unchanged appropriation level must surely be viewed as part of the party-political game. Much more surprising is the fact that in his program plan, the OB talks about "obvious similarities over a 10-year period" between his own proposal and that by the Conservatives.

But no one can seriously expect the OB to advocate a freeze on the defense appropriation when the time comes for the next defense decision in 1992. On the contrary, it is likely that the appropriation increase which we can expect in any case to see in next year's decision will form the starting point for further requests. Unfortunately, there is no reason to expect improvements in our security situation over the next few years. Instead, it looks as though the arms buildup in Sweden's vicinity is going to continue.

From the standpoint of defense policy, then, the issue is not just how big an amount Parliament should appropriate and what it should be used for: another important question is how the appropriation should be structured. The alternatives at the moment are the "lump-sum model," in which the Armed Forces would be allotted a certain sum--say 600 million kronor--in each of the next 5 years beginning in 1988, and the "percentage model," in which the increase would follow a rising scale--at 2 percent per year, for example. Of those two choices, the percentage increase is preferable as far as the Armed Forces are concerned, since it provides a "suit to grow in" and the chance to keep pace with arms buildups in the world around us. The disadvantage is, however, that the appropriation increases would be quite modest during the first few years, and at the same time, Parliament would be committing itself to a gradual cost increase in an economically uncertain future.

What would be desirable, therefore, is an interparty agreement to spread the appropriation increase according to a more sloping curve than the one provided by a percentage increase. From the economic standpoint, this is presumably the least painful way to give the Armed Forces a needed financial boost. But anything like that will be unrealistic if the Conservatives, with an eye on the next election campaign, choose to stick uncompromisingly to the positions they have taken.

Sharper Party Profile Likely

Stockholm DAGENS NYHETER in Swedish 21 Aug 86 p 8

[Commentary by Sven Svensson: "Carl Bildt Will Now Be Forced To Choose Attitudes; No Old Conservative Formulas Practicable"]

[Text] With Carl Bildt as party leader, the Conservative Party is getting a more solidly based ideologist than it had in Ulf Adelsohn, who depended mainly on intuition and a quick tongue. That should help create sharper boundaries between the political parties while also resulting in a conscious restriction of the Conservative Party's electoral base. With Carl Bildt as party leader, it will be difficult for the Conservatives to try to be the all-embracing nonsocialist coalition party.

During the debate in the last election campaign over a change of system, which became a suicidal precipice for Ulf Adelsohon, Carl Bildt--whose family history includes a prime minister--was a zealous prompter. Contributing to the election defeat was the fact that the Conservatives were dazzled by their own excellence, 10 years of uninterrupted success under Gosta Bohman, and the fact that they were continuously overrepresented in the voter barometers published by SIFO [Swedish Institute for Public Opinion Polls].

More than anyone else, Carl Bildt acted as Ulf Adelsohn's second and as his inspirer. Adelsohn relied on Bildt, not only when it came to special issues but also for ideas.

Just like Ingvar Carlsson after Olof Palme's assassination, that political second is now going to become both party leader and the implementer of political ideas. This is an interesting transformation which may bring both advantages and disadvantages.

More than any other party, the Conservatives require a father figure in the party's leadership. It is also desirable that he be an intellectual leader with academic qualifications in his baggage, preferably a law degree, as the examples of Ulf Adelsohn, Gosta Bohman, and Jarl Hjalmarson show.

Carl Bildt, the eternally young student of political science, will not find it altogether easy to step into any of those Conservative shoes, but he will nevertheless bring both knowledge and a talent for theory, and perhaps good humor as well, into the party. Bildt is ambitious, knowledgeable, and well read in his special fields and is every bit Olof Palme's equal when it comes to being an arrogant political debater.

But in his public appearances, Bildt also comes across as the typical government official in pinstripe gray. Although in private he is both jolly and easy to approach, there will be no more grass skirts, samba shows, or mass happenings at the Scandinavium or the Johanneshov after Bildt takes over from Adelsohn. On the other hand, Carl Bildt's delight in playing with words and his uncontrollable urge to show off can easily become a danger for him as party leader.

Above all, Carl Bildt has specialized in foreign policy, defense policy, and security policy. More than any other Swedish politician, he has challenged the Social Democrats on their own turf on those issues.

Carl Bildt's good fortune was made during the days of the Submarine Commission. In the report on the intrusions in Hars Bay, the Soviet Union was pointed to as the intruding superpower, and there is no doubt that Bildt was a driving force behind that condemnation.

More zest was added to the sauce when Bildt flew directly from the Submarine Commission's press conference to the Pentagon, the military headquarters in the United States, where he met with intelligence men of various kinds.

For that breach of sacred Swedish neutrality, Carl Bildt wound up getting his ears tweaked by Palme when the Foreign Relations Committee met at the Palace.

The ensuing debate and the foreign-policy bull of excommunication which Olof Palme eventually issued in the name of the entire government showed that Carl Bildt could indeed be just as venomous as Olof Palme. At that point in time, nothing could have been a better recommendation in Conservative circles. The duel with Olof Palme over the Pentagon issue is therefore one important reason why Carl Bildt is now being crowned the new Conservative Party leader.

As head of the Conservative Party's Coordination Office back when his father-in-law Gosta Bohman was head of the government, Carl Bildt occupied himself with many different political issues. The fact remains, however, that Bildt is primarily a politician versed in security issues and is relatively untested in the areas of economics, family policy, and energy issues.

Even though the new defense decision is to be made within the next few months, the economy, family allowances, and the phasing out of nuclear power are the outstanding areas to which a new Conservative Party leader will have to apply all his energies.

Carl Bildt's one-sided background therefore raises the question of the roles to be played by deputy party leaders Lars Tobisson and Ingegard Troedsson in the coming Conservative triumvirate. Tobisson is extraordinarily knowledgeable and well-read in the economic field, and Ingegard Troedsson knows family policy and taxes like the back of her hand. Decentralization is a good thing, but when all is said and done, a party leader still has to bear the main responsibility, especially when things go wrong.

When Carl Bildt was nominated as the new party leader, he promised that Conservative policy would not change. He dismissed the alleged antagonisms between social conservatives and neoliberals, between town and country, and between national and local politicians as being an academic discussion.

One thing is perfectly clear:

The Conservative Party's image under Carl Bildt cannot remain unaffected by the disappointed hopes in the 1985 election, when Ulf Adelsohn was supposed to sail through with ease as the first Conservative prime minister since Arvid Lindman's time. The debate over a change of system, in which Carl Bildt played a part, has been duly put to the test and rejected.

As newly elected party leader, Carl Bildt will have to choose an attitude both toward the Social Democratic government and toward the other two nonsocialist parties that will help get him back into the ardently coveted Cabinet Office.

Gosta Bohman made constant capital out of his confrontation with Olof Palme, and Ulf Adelsohn tried to follow in the same path. But Olof Palme fell victim to an assassin's bullet, and that contributed to Ulf Adelsohn's decision to resign as party leader. Carl Bildt is therefore being forced to look for a new angle from which to attack the Social Democrats.

History teaches that things have easily gone wrong for the Conservatives whenever they have challenged social security. Jarl Hjalmarson had to resign as party leader after he, with support from party secretary Gunnar Svard, tampered with child allowances, the same happened to Gunnar Heckscher because of his criticism of the ATP [General Supplementary Pension Plan] system, and Ulf Adelsohn was tripped up over the change of system.

The work now underway to draw up a new Conservative platform for the 1988 election may be the salvation Carl Bildt needs in order to shift the emphasis in Conservative preaching away from a change of system.

With Ingvar Carlsson as the new Social Democratic Party leader, personal attacks will have to be toned down, and criticism will have to be oriented more toward ideology and objective issues. For a party that is aristocratic and the vehicle of culture, which the Conservatives are, simply complaining about taxes will no longer be enough.

Even in his relations with the other two parties, Carl Bildt will have to choose his path in an entirely different way than previous Conservative leaders did.

Father-in-law Gosta Bohman could maintain credibility while talking about nonsocialist cooperation and pushing for a distinct Conservative image, while Ulf Adelsohn was bewitched by the Conservative Party's high standing in public opinion polls and could therefore turn the other cheek when he was attacked.

It now looks as though the nonsocialist parties will become more equal in strength, and the Conservatives, following their defection from two nonsocialist governments, no longer enjoy any special credibility on the sacred subject of cooperation among the three nonsocialist parties.

In this situation, the question of who will become established as the most credible nonsocialist candidate for prime minister is of great importance to future political developments. Those in the running are Karin Soder, with lengthy experience in Parliament and as minister of foreign affairs and minister of social affairs; Bengt Westerberg, with brief experience in Parliament but considerable administrative experience since his days as under secretary of state; and, lastly, the eternally young Carl Bildt, who has been involved in politics since his school days.

If Carl Bildt is serious about competing for the coveted position of prime minister, he will have to tone down his arrogance and see to it that the Conservatives do not challenge the other nonsocialist party leaders to a duel. The 1985 election campaign over the change of system showed that the specter of the Right still lives in Sweden, at least among older voters.

'Cold Intellectualism' Worries Some

Stockholm DAGENS NYHETER in Swedish 22 Aug 86 p 10

[Article by Kaa Eneberg]

[Text] Carl Bildt is in a position to become the best and most brilliant party leader we have ever had, but it would still be unwise to elect him in the current situation. Because what will the party do if the 1988 election is a fiasco? We will have expended our best candidate for party leader.

With his cold intellectualism, Carl Bildt is running the risk of becoming as isolated on "his Olympus" as party leader Gunnar Heckscher was 20 years ago.

In conversations with DAGENS NYHETER, that is how Conservative Party veterans aired their concern over the approaching election of a new leader for the Conservative Party.

When Conservatives from all over the country gather at the Parliament Building in Stockholm on Saturday, the total unity and support surrounding 37-year-old Bildt will be strongly emphasized.

Concern Under the Surface

But smoldering under the surface is a concern for the future. Doubt and some disillusionment may exist, primarily among older and middle-aged Conservatives who feel that the time is not really ripe for "young Bildt." First Deputy Speaker Ingegard Troedsson was long regarded as "a safer card" even by Conservatives who were more in sympathy with Carl Bildt.

DAGENS NYHETER spoke with a number of party veterans who have all been active in key positions in the party for many years and have watched party leaders come and go. They all requested anonymity.

It is worth noting that none of those with whom DAGENS NYHETER spoke questioned Ulf Adelsohn's decision to resign. They all feel great respect for Carl Bildt's knowledge and brilliance and emphasize that he has "much more breadth than people think. He is actually not inclined only toward foreign policy and security issues."

This was how those with whom DAGENS NYHETER spoke expressed their misgivings about the election of a party leader:

"The election may put the party in a difficult spot. If there is not a nonsocialist victory in the next election, the disappointment will be great--even greater than after the 1985 election. And if Carl Bildt is then held responsible for that defeat, the party will have no one to fall back on.

"Carl Bildt is in a very tight situation, since he was more or less forced to accept the post. With his extremely reserved and standoffish disposition, he must be having a rough time of it himself. It is to be hoped that his well-known stability will not waver."

"Dry Humor"

None of those with whom DAGENS NYHETER spoke felt that Carl Bildt's alleged personal coldness was a problem.

"Carl Bildt is actually anything but cold as a person. It's just that he is an unusual type of politician for us--the English type, with a fine sense of dry humor.

"No, the problem with him personally is that he lacks affability. No matter how clever dry humor is, it is not likely to work with ordinary people."

That lack of affability was precisely the problem mentioned by several people.

"How will he be able to handle small talk with the 'old ladies in the town square,' which any party leader must be able to do, especially in an election campaign? Not to mention the heckling from opponents who are also present at election meetings."

One veteran who expresses concern over Carl Bildt's chances for developing a "party leader's charisma" argues that he may be able to turn his "technocratic image" into an advantage.

"Following Olof Palme's death, we are, of course, in a period in which less feeling is being shown in politics. Both Ingvar Carlsson and Bengt Westerberg (Liberal Party) are technocratic and cold types, and it may well happen that Carl Bildt will really be able to turn this new, technocrat-dominated political scene to his advantage."

"Too Soon"

Several people point out that it is too soon to really speculate about Carl Bildt's profile as party leader.

"For a politician, it is never suitable to develop the personality of a party leader--or call it charisma if you will--before the party calls on him to be a leader. Not until he is a party leader does he have the opportunity to develop charisma.

"Think of how unknown and hopeless Gosta Bohman appeared to most Conservatives when he took the helm in 1970. Who could have dreamed at the time that that cold businessman and jurist would be able to develop such a personality?" says one Conservative who often clashed with party leader Bohman but always respected his contribution as party leader.

They all extolled his very broad knowledge and brilliance. Surprisingly, one even said that his strong liking for Carl Bildt was due mostly to the latter's profound and genuine views on social policy.

In general, knowledge in the field of social policy has been viewed as competitor Ingegard Troedsson's strongest card and Carl Bildt's weakest.

"No, Troedsson's views on social policy have been dominated too strongly by her passion for economic policy. Unlike Carl Bildt, she has never had the real feeling for social responsibility that the party stands for. Her interest has been limited to performning acrobatics with numbers!"

Like Heckscher

Some practical and earthy voices see a danger in Bildt's somewhat too easy rise to the party leadership and his limited contact with "ordinary people."

"He has seldom talked about completely ordinary things. He is accustomed only to talking about facts and intellectualizing problems. He can easily run the risk of becoming isolated on his high 'Olympus,'" says one Conservative, who recalls how Prof Gunnar Heckscher, the leader of the old Conservative Party, was forced to throw in the towel in 1965 after only 4 years on the job.

All are looking forward eagerly to Carl Bildt's speech as party leader on Saturday. The reason is that oddly enough, considering all his years in politics, he is an unknown quantity as a speaker before large gatherings!

Bildt Addresses Party

Stockholm DAGENS NYHETER in Swedish 24 Aug 86 p 6

[Article by Ake Ekdahl]

[Text] Sweden has moved too far into collectivism. Now new times are awaiting us and modern developments are making a breakthrough. In this time of change, the Social Democrats will find it hard to keep up.

That is the vision held by the Conservative Party's new leader, Carl Bildt, who sees a flourishing future ahead for his party in the service and information society.

The newly elected party leader described the above in a lengthy speech of ideas without indicating a stand on a single issue in the current political debate.

"I will do that later," Carl Bildt promised at the press conference that followed.

Bildt described a "Sweden of concrete" as being the result of social engineering.

"We wound up with an empty individual, raised among suburbs, glass, and concrete, incapacitated by the Social Welfare Board and watched over by the SCB [Central Bureau of Statistics], and ensnared in Red Tape Sweden's web of regulations, exhortations, and attentions."

The result was problems that cannot be measured, he said, but added that he now saw a new day dawning.

"In that new age, the industrial society will gradually give way to the information society. New technology will pave the way for new solutions. The information society will decentralize where the industrial society centralized. The opportunities for new freedom exist, but first we must break with collectivism," he said.

Bildt saw the withering away of the old industrial society's localities and the blossoming out of new centers with the power to grow. He saw a transformation of regional policy as representing progress and a necessary change.

"We will liberate Sweden from taxes, bureaucracy, regulations, and guardianship," he said, promising that districts which have turned into backwaters would be able to benefit from their proximity to unspoiled nature in the same way that mines, railways, and ports were once important assets.

"In a society such as that, collectivism will be hopelessly out of date," the Conservative leader proclaimed.

He rejected collectivism for the developing countries as well and said he saw signs of a new way of thinking in China, India, and Tanzania.

"There is no average Swede in reality, but only in the SCB's statistical tables. Every individual is unique. People are motorists, pedestrians, students, parents, tourists, consumers, bookworms, wage earners, happy urchins, tenants, nudists, and cabinet ministers," he said, giving his predecessors a mischievous dig.

That remark was a hit and drew applause from the delegates.

No Information

At no time during his speech did he mention the other parties by name. No information was provided on how the Conservatives intend to behave toward the Social Democrats or the other nonsocialist parties.

Responding to a direct question as to whether the Conservatives would take part in a joint election platform in connection with the 1988 election, Bildt said evasively that he had not received an invitation to do so. He expressed hope in general terms that open channels among the parties would continue and that big projects would be planned without a big hullabaloo being made for the benefit of the mass media.

Bildt had no criticisms concerning the Carlsson government's foreign policy, but he predicted a tougher debate over the controversial pension tax, family policy, and defense appropriations.

He regarded the Social Democrats as being most vulnerable on the issue of the new tax in the short term and on the issue of family policy in the long term.

Columnist Assesses Inauguration Speech

Stockholm DAGENS NYHETER in Swedish 24 Aug 86 p 6

[Commentary by Sven Svensson: "A Lecture on Freedom"]

[Text] Carl Bildt delivered an inaugural lecture when he was elected on Saturday to succeed Ulf Adelsohn as the Conservative Party's new leader. He borrowed a phrase going all the way back to Torgny Lagman and then laid out the Conservative Party's policy for the information society that will exist in the 21st century.

Perhaps it was wise of Carl Bildt to talk in such general terms in the present situation. Bildt avoided at all costs any specific statements concerning current politics.

That leaves time to think things over, and time to think things over may be needed. In the Conservative Party, the broad outlines for defense, family policy, and energy are to be determined at conferences preceding the regular national congress next year.

Carl Bildt lived up to his reputation as a more outstanding ideologist than his predecessor, Ulf Adelsohn. Conservatives should love freedom and respect people--as unique individuals.

Carl Bildt's main ideological message in his inaugural lecture was a single, lengthy declaration that collectivism and Marxism as a political idea were dead. Man can never be a set of average values in tables from the SCB. Instead, we are and want to remain unique individuals. That was the message he drummed into the Conservative delegates.

Despite the speech's ideological and historical stamp, it did not make a colossal impression on the delegates. The first applause did not come until after several pages. Not until Carl Bildt talked about the average Swede was there a fair amount of echo within the oak-paneled walls of the auditorium once used by the Lower House of Parliament.

For Carl Bildt had said that the average Swede is a consumer, bookworm, wage earner, wild urchin, nudist, and cabinet minister. Gosta Bohman and Ulf Adelsohn both got it that time from their younger successor.

In the written speech, there was no mention of any other political party by name, and only the Liberal Party was mentioned in the election ceremony itself. This confirms that Bengt Westerberg's phoenix-like ascension into election heaven made a deep impression on the Conservatives.

Actually, Carl Bildt aimed crushing criticism at the Social Democratic government's policies from the postwar period right up to today.

Collectivism, Nietzche, and Newton were condemned all in one breath, the "concrete policy" received its death certificate in a subordinate clause, and author Lars Gustafsson's poem entitled "From the Sunny City's Walls" provided the key to the policy that the Conservatives are trying to pursue.

It was remarkable how strongly Carl Bildt emphasized his interest in nature. Carl von Linne was named as perhaps Sweden's greatest scientist, while in Carl Bildt's own time, man's security lies at home and in affection for one's home district.

A policy which is based on a never-ending stream of government support but which snatches away the foundation of family, district, familiarity with history, national self-esteem, and faith will never give people security.

At the Conservative Party's previous national congress, Ulf Adelsohn had emphasized his strong belief in nonsocialist three-party cooperation. That also became more or less his testament at the time of his resignation.

In Carl Bildt's lecture, that view was conspicuous entirely by its absence. And at the press conference that followed, he showed only moderate interest in joint three-party action.

In the impatient and nervous world of the media, he is presumably going to be restrained in his talk about nonsocialist cooperation. He is presumably going to live by the motto which says that "big things happen quietly."

We will see how long Carl Bildt can hold out against the impatient world of the media. It is only a question of time before he will be forced to reveal his attitude toward the Social Democrats following Olof Palme's death and toward nonsocialist three-party cooperation--perhaps under Bengt Westerberg.

Opposition Role Viewed

Stockholm DAGENS NYHETER in Swedish 24 Aug 86 p 2

[Editorial: "A Member of the Opposition"]

[Text] As mobility among voters has increased, the personalities of the party leaders have become more and more important. That is the permanent lesson to be learned from the so-called Westerberg effect on last year's election. Three parties in Sweden have now changed leaders in half a year's time--something that has never happened before. It is certainly no exaggeration to say that we have entered a new political era.

What can we anticipate in this new era? We must try to imagine situations somewhat less idyllic than the present one. How would today's party leaders behave during a serious and lengthy economic crisis? How much power would they have to lead public opinion or to resist relentless and irrational trends that might develop within their own ranks when antagonisms grow sharper?

In the new set of party leaders, there is a certain solidity and correctness in mixed shades of gray--the normal Swedish decency and reasonableness--which does not arouse expectations of abrupt political changes or drama. None of that characterizes the party leaders who have dominated the scene during the 1970's and--until now--the 1980's. Despite all the differences between them, Palme and Falldin both had extra dimensions in their characters: ardor and commitment, political imagination, and a genuine feeling for the way political conduct can change reality and lead people's thoughts down new paths. The latest of our party leaders to leave--Ulf Adelsohn--is not a great politician, but he has charm and spontaneity and knows how to establish personal contact. As Carl Bildt expressed it in his tribute to his predecessor yesterday: "He has given Swedish politics a human face." The politicians in the front rank were able to arouse interest as personalities.

To put it brutally, we are on the way toward experiencing a problem with boredom in politics. It may become more difficult for the parties to keep people's interest up. The most alert members of the young generation have a thousand other things to attract and absorb their attention, and the traditional parties, with their unchanging ways and ritual campaigns and often slogan-filled messages, have trouble competing. Most of us can see this in our own surroundings. How many young people do we know who are genuinely interested in politics?

Carl Bildt is still fairly anonymous, and it is possible to pin big hopes on him. The slightly cold and stiff impression he conveys is not something to worry about. Let us hope that he can soon stop hearing about how "well-read" he is. He is young, but he is not a schoolboy, and a party leader should be judged by standards that apply to adults.

His speech at the special party congress provided no new political information. He avoided even the mention of other parties or politicians. He devoted a long section to polemics against a certain variant of political rationalism. He attacked "social engineering" and drew bold parallels between the Conservative Party's view of freedom and the view that modern physics holds of the nature of matter. The train of thought is not easy to follow, but at least it gives a definite impression that there is a deep dimension to the political message.

Ulf Adelsohn said of himself that he was more a builder of society than a critic of society. And by nature, Carl Bildt is probably also primarily an "achiever" with a strong desire to serve in the government, but at the same time, he has shown a considerable aptitude for polemics. When politics returns to normal, his supporters will expect him to take command of the opposition. With the political calm of this past spring and summer behind us, there is an expectation that the nonsocialist alternative will remind people of its existence, and there will be competition among the three opposition leaders to find the theme that will catch on. Bildt's first appearance as Conservative Party leader indicates that he realizes that a degree of unobtrusiveness may be effective and that a politician should not attack for the sake of attacking.

But it is as a member of the opposition that he will be tested--in a situation in which the government has many strong cards and in which the climate in public opinion favors traditional middle-of-the-road politics. Together with Bengt Westerberg and Karin Soder, he has the obvious task of paving the way for a change of government in 1988 and of seeing to it that when it happens, there will be a political alternative capable of functioning.

Bildt Ignores Defense Commitment

Stockholm DAGENS NYHETER in Swedish 20 Aug 86 p 2

[Editorial Roundup: "Conservative Defense"]

[Text] Considering its population and economy, Sweden has a strong defense force that stands up well in international comparisons, according to the DALA-DEMOKRATEN (Social Democratic), which writes:

"But weapons and technical equipment are not everything. Sweden's defense and security also depend on the foreign policy and neutrality policy being pursued. Unfortunately, the Conservatives are not reliable guarantors in that respect. Carl Bildt has clearly demonstrated his aggressive narrow-mindedness.

"Not everything can be bought with money, strange as that may seem to the Right. A secure defense is also needed."

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NEW BOOKS REVIEWED ON SOCIOLOGY OF CONTEMPORARY YOUTH

Bonn DAS PARLAMENT in German 19/26 Jul 86 pp 18-19

[Book reviews by Eike Henning and Peter Heitkaemper of nine recently published books on youth in the FRG]

[Text] Though during the past 5 years such slogans as "protest," "no future," "Null bock" ["No way"] have been characteristics of books about youth, this type of emphasis is less pronounced these days. New studies maintain that the outlook for the future among young people is improving, that there is an increase in satisfaction with the FRG type of democracy (presently 71 percent of the 14 to 21-year age group). That is the judgment of the federal minister of education, based on the EMNID study she commissioned: "Werthaltunger, Zukunftsenwavtungen und bildungspolitische Vorstellungen der Jugend 1985" [Value Judgments, Expectations for the Future, and Education Policy Ideas of Young People, 1985]. Another study ("Jugend ohne Zukunft?" [Youth Without a Future?], Allerbeck/Hoag, 1985), emphasizes that a "new national socialism" is failing to find adherents among young people. Studies of this sort serve to place into proper perspective the impression of protesting, rootless youth, and emphasize the integrative aspects--but even according to the generally optimistic EMNID study, 25 percent of the young people are dissatisfied with the FRG's democracy. After a discussion of matters affecting youth in 1980-81, a lopsided account of youth disburbances and squatters' activities ("Zueri is burning," "Berlin occupied") which dealt with such 1980-81 subjects as "Split or stay," "Drop out or rebel," "The Big Split--Revolution '81," the present period appears to lend itself to less global and placative, but rather more "problem-focused" youth studies, as Rosenmayr calls them.

In Rosenmayr's words, the new publications discussed below are examined as to their capability of reflecting "the viability and the depths of social processes," so as to become conscious of "the pitfalls and the opportunities provided by the cultural and psychological changes."

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Hurrelmann, Klaus, Rosewitz, Bernd, Wolf, Hartmut K., "Lebensphase Jugend. Eme Einfuhrungin die sozialwissenschaftliche Jugend forschung" [Life Phase "Youth"--An Introduction to Youth Studies in the Social Sciences], Munich, Juventa Verlag, 1985, 179 pages.

Hurrelmann and co-authors submit their survey from the standpoint of sociological research. Their objective is to bring together the perspectives of "the personality analysis of developmental psychology" and "sociological structural analysis" so as to highlight the tension between "individuation and integration" which is characteristic of the youth phase. This objective is dealt with in a traditional manner, by following an outline of socialization research with a treatment of socialization channels (family, school, peer groups, work environment). In addition, brief mention is made of the structuring force of societal conditions of the youth phase and, separately, youthful confrontation with those life situations. A final chapter deals with social and pedagogic offers of help, in order to cushion the "impairment and damage to the social, cognitive and emotional development" of a youthful "minority." The concept of "support networks" for "providing developmental possibilities for young people," which is thus introduced, is elucidated with school serving as an example.

As the determining factor for the youthful socialization process as a bridge to the adult role, Hurrelmann elaborates the long period spent in education and training and/or the diminishing occupational socialization. In his somewhat complicated scientific jargon, his statement reads as follows: "The prevailing characteristics..for most young people... is long-term schooling with institution-specific demands upon social and achievement attitudes and deep-seated historical significance for occupying their social slot within the social structure." Such socialization is successful in the majority of cases. However, unconventional actions (e.g., extremism, alcoholism, drug use, criminality, vandalism, provocative nonconformity) throw a spotlight upon more general problems of young people's individuation and integration process.

Hurrelmann thus denies any "closed interpretation" and emphasizes the "plurality of living conditions." However, in this respect the treatment remains too general in nature. Problem areas are no more thoroughly defined than are problem groups, causing this small volume to combine all the advantages and disadvantages of a concise, but necessarily non-specific introductory text. However, anyone looking for a general survey of the socialization processes in the "youth life phase" could make good use of this volume. But he should also pay close attention to the suggestions for additional reading which follow each chapter.

* * *

Bruder-Bezzel, Almuth/Bruder, Claus Juergen: "Jugend. Psychologie einer Kultur" [Youth--The Psychology of a Culture], Munich/Vienna/Baltimore, 1984, Urban & Schwarzenberg Verlag, 228 pages.

Bruder-Bezzel and Bruder have written a psychoanalytically and psychosocially oriented survey, inspired by English class-cultural studies and by Kohlberg's concept of moral development. The aim of this study is to elicit sympathy for the "Young People's Culture Revolt '80" and/or to unmask "anti-youth sentiment" in government and society. The main emphasis of this work is placed on explaining the reasons for youthful efforts to break away. For this reason, the areas of "youth culture," "subculture," and "counterculture" are treated in great detail. This makes a strong case for taking sides with youth embroiled in social change.

Bruder-Bezzel and Bruder are attempting to bring about "a confrontation between two points of view--the view from outside, i.e., from the adult side, and the view from inside, that of the young people themselves," so as to have some interaction between the two positions. The authors show understanding for what Negt calls "excesses of fantasy" on the part of the rebellious youths. They give a detailed account of the punk scene and thus create understanding for its motivations. Criticism and self-determination become recognizable as the motor for many youthful attempts at breaking away. This sympathetic attitude is characteristic of the book and constitutes its particular value. This study should therefore be read and thought about by "those immovable representatives of the reigning order." In doing this, they would be well advised to skip the political and social-structural generalities of the chapters dealing with rebellion and unemployment, and to concentrate their attention upon the strengths cited above.

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Frackmann, Margit, "Mittendrin und volldaneben" [Deep Inside and Totally Out of It--Today's Youth], Hamburg, VSA Verlag, 1985, 169 pages.

Frackmann has constructed a social structure-oriented survey, which particularly compensates for the weaknesses of the Bruder-Bezzel/Brucer book, but also provides information on the political-economic status of young people in the FRG beyond that provided by Hurrelmann. This author too emphasizes the long duration of the education and training phase. The "great rise in the level of competence required to qualify for employment," the realities of the welfare state and the crises besetting the economic processes generate the dilemma which feeds youthful rebellion: "In the welfare state...there develop, outside the work place, some perspectives for an individualistic lifestyle which at the same time come into conflict with the existing socioeconomic limitations. Young people are particular victims of these contradictions, since they had participated, via their families, in the welfare state development and the prosperity phase. However, there is discrimination against the needs and requirements of their developed individuality in the transition between school and occupational training and employment, thus making the implementation of their life planning appear hopeless for the majority in view of the economic crisis and hard-core unemployment."

The strong point of this work, which mentions value orientations and subcultures only in passing, is that it is elucidates this dilemma without going into political-psychological protest analysis ("relative deprivation"). Frackmann amkes a case for "qualified training" and pleads for "more comprehensive intervention in the occupational training and employment market system." The author advocates a point of view firmly embraced by the trade unions. The problems of the DGB in organizing the young people are acknowledged, but hardly touched upon.

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Dudek, Peter, "Hugendliche Rechtsextremisten. Zurschen Hakenkreuz [Youthful Rightwing Extremists--From Swastika to Odal's Rune, 1945 Until Today], Cologne, Bund-Verlag, 1985, 243 pages.

The thrust of Dudek's paper about the "change of generations" among the FRG right-wing extremists is to avoid the pitfalls of "minimizing" as well as "overdramatization." To maintain this position, the author initially establishes as a point of reference the development of the "youthful extreme right-wing subculture at the micro-level" for the period 1950 to 1980 and describes the organizational history of youth-relevant right-wing extremism, especially the development of small units, which is of organizational sociological interest. He places particular emphasis on the "antisemitic graffiti wave" (1959-60) and the organizations which are significant today (True-to-the-Homeland Youth, Viking Youth, Young National Democrats). He also deals with the turn to "political militarism", based on the example of the SA, with extreme right-wing terrorism. Dudek's work is well written in every respect; it informs in a comprehensive manner about relevant facts and the major perspectives of interpretation. It is up to date until the description of the Hesse Landtag elections of September 1983 and a trial in February 1984.

Finally, Dudek formulates theories dealing with the relationship between political interpretations and the extreme right-wing careers of young people in today's FRG. He comes to the conclusion that social structural factors do not play a determinant role in the choice and reinforcement of extreme right-wing careers. Only an appropriate interpretation imparts significance to such factors and only a rigid connection made between unemployment and the political and cultural crisis of confidence, all the way to the rejection of "the system," points up to their derivative significance. A conjunction of such personal social drawbacks as isolation, stigmatization, criminalization, and disqualification paves the way toward entering extreme right-wing organizations and is then liable to lead to the reinforcement of such a career.

In this way, Peter Dudek identifies a weakness inherent in many review studies in youth sociology. The same should be applied to youthful criminality; this subject too requires an elucidation which is not provided by general survey studies. Axel D. Neu looks into this problem, investigating the relationships between youth unemployment and criminality.

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Neu, Axel D., "Entwicklungstendenzen auf dem Arbeitsmarkt und ihre Auswirhungen auf die Jugendkriminalitaet" [Developing Trends in the Labor Market and their Effects on Youthful Criminality], Heidelberg, Kriminalistik Verlag, 1984, 144 pages.

Neu is not using advanced descriptive statitstical procedures provided by official criminal statistics. Nor does he include in his calculations the bipartite correlation of "criminality" profiles (broken down by offense groups) and "foreigners" (broken down by age groups), nor the multivariant correlation of the interdependence between "foreigners" and "Germans." Nevertheless, Neu concludes his paper with a truly provocative political thesis, to the effect that "the possibility of reactions to immigration" (i.e., "expulsion of foreigners") represents a sort of "safety valve", and that this possibility should not be "killed politically" because otherwise "eruptive processes," as they are occurring in England, "would almost certainly be preprogrammed." It is unfortunate that Neu has chosen to waste such an important subject by treating it ideologically.

The survey studies by Hurrelmann et al., Bruder-Bezzel, and Bruder and Frackmann demonstrate that introductory texts of this sort become necessary only when actual development has produced new forms and substance. The youth revolution of the 1980's has already been summarized and can be studied from several aspects by scanning the literature. It would be desirable that the authors' standpoints not be identical with those of their readers, but rather that partisans of one viewpoint seek information from authors of a different persuasion. This type of border crossing should occur particularly as a result of reading Bruder-Bezzel and Bruder's socio-psychological overview of the youth cultures.

These conditions may serve also to justify Rosenmayr's demand for more precise studies of case histories. Dudek's book is an example of a successful historical-social scientific presentation of one specific group in the political youth culture. Neu's work demonstrates that a preference for detailed study also has inherent pitfalls if, for example, a deficient analysis of individual case histories is combined with generalized political conclusions.

The Time Axis--Comparative Studies on the Relationship Between Young People and Adults

Among other things, the International Year of Youth 1985 has led to an energetic scientific preoccupation with the problems of youth. The publications discussed below are very informative general surveys based on the present situation (including the large book by the German Youth Institute), but also the most recent research results (such as the so-called Shell Study 1985 and the Sinus Study 1985); Joerg Bopp's pocket book is a serious plea for the young people. What all these publications have in common is an interest in making a comparison between today's youth with that of 30 to 40 years ago, and the effort to create understanding for the youth of today.

* * *

German Youth Institute, "Immer diese Jugend! Ein zeitgeschichtliches [Always Those Young People! A Mosaic of Contemporary History from 1945 to the Present], Munich, Koesel Verlag, 1985, 512 pages.

The Working Group on Youth Aid and Youth Policy of the German Youth Institute has posed the following questions in this book: What changes have occurred during the period after World War II in the living conditions and lifestyles of youth in the FRG? The result is an easy to understand, attractively packaged presentation of the problems confronting young people, containing many documents, photographs and quotations. Every one of the problem areas dealt with contains a background description of youth attitudes, reflecting the historic atmosphere. The book is intended to "show that the youth and generational images held by society seldom reflect the young people's true life problems." By presenting the lifestyles and aspirations of youth, it provides at the same time an image of that society: "Youth thus becomes the 'stage,' the medium of public understanding of basic problems of society."

The contributions of the many authors are divided into five parts, like a mosaic. This loose assemblage produces the outline of a very large spectrum, without overemphasizing any particular aspects of youth problems. Thus such items as vacation travel, video and computer games, youthful criminality, alternative lifestyles, youth protests, peace, etc., have the thematic character of flash insights which in the aggregate produce a multi-faceted picture of youth.

Part I, "Games With Limits," characterizes youth as a playroom, as a field for experimentation with freedoms and gambles. It deals with the youth culture of the last 40 years, leisure time, media problems, sexuality, sports, all the way to aberrations such as drugs, youth criminality, video. Part II, "The Struggle for Opportunity," reflects young people's efforts and frequent hopelessness caused by such problem areas as school, secondary education, the labor market, unemployment and alternative lifestyles. Part III, "Living Conditions as an Objective," details the special problems of disadvantaged youth in our society: females, rural youth, the handicapped. Our society does not offer equal opportunity: it remains a disadvantage to be born female, to be handicapped through birth, illness or accident; often one's entire life is determined by the type of family one is born into. Part IV, "Screen Images of Youth," deals with society's standard interpretations--youth is not accepted as simply existing; it is interpreted in youth research, in magazines, in films, in the literature, on television, and reduced to cliches. This impression of youth (it has always been an annoyance to adults) is connected with, but also contradicts what is stated in Part V, "Probationary Period for Ideals," on youth protests, peace activism, refusal of military service, the draft, national conscience, and the change in values: youth has always attempted to gain socio-political influence upon ideals, frequently at odds with actual power realities. Here youth makes society look at itself in the mirror. The presentation makes every effort to avoid a whitewash.

The book seeks to replace the usual prejudices and dissatisfaction with youth and its rebellion against societal realities with an understanding of the logic and the change in youthful behavior. Its simple, informative language makes it very useful for parents, teachers, social workers, and for young people themselves.

* * *

Fischer, Arthur, Fuchs, Werner, Zinnecker, Juergen, et al., "Jugendliche + Erwachsene '85. Generationen in Vergleich" [Youth and Adults '85: A Comparison of Generations], 5 volumes, Leverkusen and Hamburg, 1985, Leske Verlag + Budrich/Youth Project of German Shell, (Vol #1: "Biographies, Orientation Patterns, Perspectives," 331 pages; Vol 2: "Leisure Time and Youth Culture," 348 pages; Vol 3: "Youth in the 1950s--Today," 480 pages; Vol 4: "How Youth Sees Itself," 458 pages; Vol 5: "Study Report and Documentation," 490 pages.)

A large body of empirical material serves as the basis for the 10th Youth Study (since 1953) of German Shell; its central theme is a comparison of the generations of the 1950's and the 1980's. The study evaluates the appeal to youth of "Youth '83," using as reference preliminary qualitative studies since 1980, as well as the 9th Report on Youth by the Federal Government (1981), a poll of adults in 1984, and a poll of adults about their youth during the 1950's; also representative samples from 1951, 1954, and 1955. A multiplicity of methods was employed throughout, resulting in "a continuity and compatibility of data, permitting a true comparison of two generations and pointing up possible developmental and change trends" (Vol 1, p 5). Of particular interest here are Vol 1 (youth a portrayed in newspapers and magazines) and Vol 2 (leisure time and youth culture), whereas Vol 3 contains a historical evaluation of youth during the 1950's, Vol 4 reproduces literary works by youthful writers, and Vol 5 documents the empirical data.

Concerning Volume L: Information about everyday events of young people is not often available. The media do deal with the problem of youth unemployment; otherwise, there are lots of sensational stories in the press which create the image of criminal, brutal, aggressive, and irresponsible youth. By contrast, the relationships between the younger and older generations are more varied, and they are more positive in their judgments about each others. The young people are mainly critical of bad traits and habits, inappropriate life planning and conduct by adults, and a bad relationship with today's youth. Adults are critical of each other--this causes a rapprochement between the adult and youthful points of view. To express it positively: young people should acquire old values and adults new ones. Adults should have a more uninhibited and spontaneous lifestyle and break out of the limits imposed by their life circumstances. One-half of the adults and one-fourth of the young people are in favor of letting the young learn from old values. Adults indicate their willingness to understand youth and are more likely to criticize adults than to be anti-youth. Thus the understanding accorded young people has improved markedly over the past 30 years; there has been detente in relations between the generations.

Adults who are hostile toward youth see the relationship between young people and adults as being full of tension, especially in the area of familial upbringing. They consider their own childhood during the 1950's as having been more difficult for youth and consider today's youth culture threatening. According to this study, the young people and adults of 1984 do not have a pessimistic view of the future (less than 10 percent); beyond that, about 50 percent of them are optimistic, the other half undecided. Optimistic are those who feel that they have been accepted by society, are in charge of their own lives and who have a great capacity of adapting themselves. The pessimists are considerably more hostile toward youth; more of them are against nuclear power, they belong to peace movement and the civil initiatives (pp 107, 112).

In 1984 there is considerable polarization between the big political parties on the one hand (SPD 44 percent, CDU/CSU 32 percent), and the Greens on the other. Sympathizers of the Greens are greatly interested in politics; they also show tendencies toward an unconventional lifestyle and readiness to show resistance. Some of today's young people, however, show no sympathy with the party spectrum at all; they demonstrate disinterest, ignorance, and insecurity. This was also the case in 1956. Nor does the crystallization of sympathy generated among the Greens change this. Seventy-one percent of today's young people believe that the FRG Government is not doing enough for youth; during the 1950's that figure was 45 percent, and 60 percent of adults agreed with this opinion in 1984.

There have been great changes in young people since the 1950's. Changes between the older generation and today's youth exist, among other things, with respect to their first sexual experiences with the opposite sex. Here we find a leveling among boys and girls concerning their age, education and social roots--in other words, these differences become indistinct. Social expectations no longer obligate young people to more or less abstain from sexual experiences. Some correlations are made between early sexual activity and party preference for the Greens, and late sexual experience and party preference for the CDU/CSU (i.e., old values). Religious preference has become relatively insignificant; youth is distancing itself from church and religion, significant as generation planners, a sign of its progressive modern view of life. A classification of religious devotion which is furnished can be broken down also by party preference (old versus new values).

Concerning Volume 2: The everyday behavior of young people can be very informatively determined through such factors as the practicing of musical instruments, forms of dancing, games, sports and relaxation techniques, use of recreational drugs, writing and reading habits, painting, drawing, sculpturing, etc. Here, too, the study finds those two types of designs for living and value judgments which on the one hand are tied to traditional society and the adult generation, and which on the other hand creatively look for a new world and alternatives and which can also provoke conflicts with parents and school. This pattern persists throughout the study: in music, the transition from violin to guitar as a youth-specific instrument; in dancing, the contrast between ballroom dancing and a modified disco style; in smoking and drinking, "Nonsmokers and nondrinkers--are more likely to adapt to prevalent norms concerning what a young people should be and do." Young people's writings also indicate a political attitude: youthful writers are more in sympathy with youth protest movements and stylistic trends than are non-writers; the volume and quality of their work appear to indicate that present-day literary production and reception play an pre-eminent role in the make-up of adolescence.

* * *

"Jugend privat: Verwohnt? Bindungslos? Hedonistisch?" [Youth Confidential: Spoiled? Rootless? Hedonistic?], a report by the Sinus Institute commissioned by the Federal Ministry for Youth, Family and Health, Leverkusen, Leske Verlag + Budrich, 1985, 126 pages.

During the summer of 1982 about 2,000 adolescents and young adults, ranging in age from 15 to 30, were interviewed in a poll containing questions on the social order; the result was the first Sinus Study, published in 1983. On the basis of the answers obtained in 1982, it interprets the macro-environment of those interviewed. Additional data were published in a voluminous reference volume of the youth ministry's publication series, which made it possible to restrict the statistical data in this volume to a 50-page table annex. The book has a postscript by Heiner Geissler. The very first comments about material security, money, and consumption already appear to require differentiated evaluations due to the difference between 15 and 30-year-olds, with respect to such statements as: young people lived materially secure, but not in luxury; thrift is considered desirable (except among the very young), though not always in real life (except among the unemployed and those serving their obligatory periods of civil or military duty).

The study divides today's youth into three groups, whose (problematic) definitions in the various areas is, however, not entirely congruent. The first group (37 percent) is oriented towards conventional adults (interested in politics and work); the second group (34 percent) is strategically oriented toward adults (heavily consumerist, not very intellectual); the third group which ("as might be expected," p 29) amounts to barely one-third, is oriented toward autonomous youth (politically active with a tendency toward the forced establishment of a youth culture).

* * *

Bopp, Joerg, "Umnorben und doch umverstanden" [Youth--Courted but Misunderstood], Frankfurt/Main, Fischer Taschenbuchverlag, 1985, 157 pages.

Joerg Bopp's book, based on close association with young people, attempts from a psychotherapeutic point of view to call adults' attention to the high degree to which youth must deal with society's unsolved problems, such as piece, various problems of the future, and industrial society, but also sexuality, conflicts, etc. The vitality of youth, he maintains, provides opportunities for fighting against the destructive effects of civilization and, at the same time, for creating a new culture. Adults are advised to place a minimum number of restraints on youth; youth is capable of determining the logic of its own behavior. Rather, adults should concern themselves with reducing the flood tides of consumer industry, with a lessening of the impact of foreign interests upon the spiritual life, and with providing ideals and role models.

This easy-to-read book is suitable for adults hampered by barriers to their understanding.

9273/6662
CSO: 3620/777

POSSIBLE AGUSTA-MCDONNELL DOUGLAS HELICOPTER ACCORD

Rome IL POPOLO in Italian 25 Jul 86 p 12

[Article by M.S.: "Possible Douglas-Agusta Accord for Joint Production of New Helicopters?"]

[Text] Rome--The well-known American company is said to be proposing joint construction of very advanced helicopter models for civilian use.

The McDonnell Douglas Company, within the framework of international agreements, is exploring the possibility of an agreement with the Agusta Company for the joint production of new civilian helicopters. The well-known American company, the world's second largest producer of passenger planes, also became a builder of helicopters when it acquired the well-known Hughes Company.

Italian industry already makes Hughes helicopters. The Breda Nardi Company is a licensee for H-500's. Possible models for joint production would be an extended version of the MDH-530F and a completely new, high technology aircraft, the MDX, for eight persons. The aircraft will incorporate the best metallurgical and electronic technology, including NOTAR construction (which eliminates the need for a tail rotor).

The Italian helicopter industry is experiencing a difficult period for a variety of reasons. It must therefore urgently increase production and manpower, as well as advance the process of economic recovery. Douglas is offering both the right of technology and of labor, just as for many years it has offered these to Aeritalia in the sector of fixed wing planes. In practice, Agusta could construct a fuselage of composite materials and a large part of the rotor gearbox for the new MDH-530F series and at the same time see the European market open up.

The new MDH-530F helicopter model seems to be the proper one to invigorate the Air Force training school's fleet of aircraft, and because of its excellent weight lifting features and its low cost, seems ideal for numerous civilian defense operations, fire fighting activities, and transportation of cargo to mountains and to other places that are hard to reach.

It is known that talks are in progress. The Italian helicopter industry seems to be clearly interested in realizing a new international agreement.

Douglas is intensifying its industrial cooperation with Italy. As is known, Douglas, Aeritalia, and the Chinese will jointly produce a plane that will be equipped with a revolutionary, very low fuel comsumption engine, planned for a tricontinental market.

8255
CSO: 3528/212

BRIEFS

HIGH RATE OF SAVINGS--Portuguese have deposited 3.2 trillion escudos in interest-bearing bank accounts, including 1.2 billion escudos in the accounts of emmigrants. These numbers are only meaningful if we also note that they represent one of the highest rates of private savings in Europe. On the other hand, it also means that the economy is distorted, owing to the weak growth of investment, which is reflected by weakness in the ability of investors to take advantage of those funds made available through the deposits. It is thus difficult to get ahead. [Text] [Lisbon TEMPO in Portuguese 14 Aug 86 p 24] 13026/12859

CSO: 3542/144

FIGURES INDICATE INCREASE IN BUDGET DEFICIT

Madrid EL PAIS in Spanish 15 Aug 86 p 33

[Article by Gustavo Matias]

[Text] Madrid—The public debt which the state had in circulation at the end of the first 6 months of the year amounted to 12.6 trillion pesetas, without counting the avals and the reliance on the Bank of Spain, according to data released by the Ministry of Economy and Finance. The debt expanded by nearly 24 percent during the first half of the year, or in absolute terms by 2,435,062,000,000 pesetas. Economic authorities contend that the strong growth of the debt is not important, and does not imply an expansion of the deficit because the strategy for financing it has changed. The bankers' association, however, has evaluated these changes and reached the conclusion that the lower financing needs of the public sector are more apparent than real.

The first signs of alarm about the development of the public deficit in 1986 were seen before the summer. The alarm was based on the increase in the state debt, because it was not until late June that Finance published the figures on the imbalance between state revenues and spending up to 30 May. That was just when this imbalance began to diminish. Not only were people interested in the volume of the deficit, but they also wanted to know whether the sacrifice demanded of the taxpayers, with the introduction of the Value Added Tax (IVA) and the increase in fuel taxes, had improved the situation any. The answer was no, and recent data appear to confirm that.

In June the state cash deficit, also published by Finance, had clearly declined: It fell from 905.466 billion pesetas in the first half of 1985 to 840.703 billion. However, transactions are being carried out on the side (all financial transactions), the schedule for meeting interest payments has changed, and the debt in circulation continues its strong growth. These factors run counter to official assertions that the situation has improved considerably, even though the change in monetary volume in July confirms once again that credit available to the public sector is becoming less expansive.

The public debt in circulation, which not only indicates current financing needs but also reveals the burden of interest and principal payments over the next few years, grew by another 437.105 billion pesetas during the month of

June, according to data compiled by the General Office of the Treasury and Financial Policy. Thus, the first half of the year closed with a growth of 2,435,062,000,000 pesetas, placing the total volume of the state debt at 12,647,989,000,000 pesetas. And that does not include another trillion pesetas in funds borrowed from the Bank of Spain (on which no interest is paid), and a half-trillion more in third-party avals.

The Treasury report reveals that during the first half of this year, a total of 3,475,254,000,000 pesetas was issued. At the same time, bonds valued at 1,153,445,000,000 were redeemed. As a consequence, the state obtained 2.3 trillion pesetas in net financing from the public debt.

More than half of the 2.43 trillion pesetas by which the debt rose (in addition to financing its own operations, the state paid the interest on the Treasury notes that fell due) corresponded to these short-term bonds. Their balance amounted to 6.7 trillion pesetas after they provided net financing of 1.62 trillion. The medium-term contribution of the state debt has also been significant: 749.638 billion pesetas, for a total of 2.1 trillion pesetas. The special debts rose by 103.572 billion, to a total of 1.38 trillion pesetas. Finally, the balance of certificates for investment through the official banks, which now stands at 1.6 trillion pesetas, grew by 23.095 billion pesetas. Loans from abroad, on the other hand, shrank by 62.112 billion pesetas (to a total of 771.773 billion).

Public Deficit

Economic authorities maintain that the public deficit is on the decline, and may finish out this year at about 4.5 percent of the Gross Domestic Product (GDP). They attribute the sharp rise in the debt to the monetary policy's need to leave room for private issuances during the second half of the year, when some of the maturing notes will not be renewed and the state will have to finance its deficit by resorting to the Bank of Spain. In anticipation of that, as of July the state had returned 1,075,568,000,000 pesetas to the Bank of Spain, leaving its accounts in the red by about 1.5 trillion pesetas.

In analyzing the changes that have taken place, however, a recent report by the Spanish Banking Association (AEB) concludes that "the reduced needs for financing in the public sector in the first half of 1986 are more apparent than real." The report's primary explanation for this phenomenon, which directly challenges the idea that the deficit is falling--even the cash deficit--is based on the fact that most of the notes (3.15 trillion pesetas' worth) will fall due in the second half of the year. It is at that time when the Treasury must pay interest.

According to the AEB, the public sector's overall needs for domestic financing totaled 1.27 trillion pesetas during the first 6 months of the year, and for the aforementioned reasons this amount apparently fell 700 billion pesetas short of the amount estimated for the first half of 1985.

The banking association points out in its report that the credit system is financing the public sector less and less (4.99 trillion pesetas as of the end of June). The 700-billion peseta decline between January and June is due to the fact that the public sector returned a net 798 billion pesetas to the Bank of Spain (1.41 trillion pesetas in resources less the 343-billion-peseta increase in the portfolio of public funds).

To illustrate its conclusions, the AEB indicates that if all new financing available to the entire economy is counted, during the last 12 months there has been no change in the distribution between credit to the private sector (44.2 percent) and credit to the public sector (55.8 percent) with respect to the previous period.

8926
CSO: 3548/84

SIGNIFICANT DECREASE REPORTED IN EXPORT TRADE

Madrid DIARIO 16 in Spanish 3 Sep 86 p 18

[Passages enclosed in slantlines printed in boldface]

[Text] Madrid--Spanish exports have entered a crisis. After 2 years of burgeoning activity, businesses are beginning to look to the future with trepidation. During the first half of this year, some of the most dynamic markets of recent years have slacked off. The prospects for 1986 are not good.

/"Since the elimination of tax exemptions for exports, some sectors are going through quite bad times. This has been especially true since March, when the adverse effect of the elimination of this tax break was first felt,"/ claims a businessman in one of the most severely affected sectors.

Crisis Began in March

According to business sources in the export sector, people really began to feel the impact of the elimination of tax exemptions in March, just when Spain entered the first phase of tariff reductions as agreed upon with the EEC. That reduction amounted to 10 percent of the Spanish tariff. These are different issues, however.

During the first 2 or 3 months of this year, the implementation of the Value Added Tax (IVA) has completely changed the fiscal adjustment system at the border. Exporters no longer receive a rebate on domestic taxes as they did before; now they only receive it on the IVA.

In practice, this change in method has reduced the rebates exporters receive. But since some of the exports that were supposed to take place in the early months of this year were actually transacted late in 1985 in order to take advantage of the exemptions under the old system, the lower revenues from exports began to have an impact in March and April.

100 Billion Lost

Government estimates are that exporters as a whole will lose about 100 million pesetas in 1986 due to the replacement of the tax exemptions by the IVA.

This considerable sum is the difference between what the export sector would have collected for goods sold abroad under the old system, and what it will collect for its sales under the current terms of greater fiscal neutrality introduced by the IVA. Most experts believe that the tax exemptions for exports were a kind of covert subsidy for exporters.

Some business circles think that this subsidy was justified, because Spanish businesses had to compete with their foreign counterparts on external markets on an equal footing, and for that purpose it was necessary to even up the terms of competition.

/"Spanish businesses were at a disadvantage in terms of costs, because we paid proportionately more taxes through Social Security, since Spanish firms contribute more heavily to Social Security financing than businesses do in some other European countries. The tax exemption for exports made up for that higher cost. When the exemption subsidy was eliminated, the equal terms disappeared immediately,"/ commented one businessman.

The controversy over the weight of Social Security costs and the export subsidies has resulted in the recent request by businessmen for an adjustment in the employer's contribution to finance the Social Security program. This proposal will not be viewed favorably by the administration, given the cost it would entail for the public sector.

Business sources believe, however, that without any compensation of this nature, Spanish exports will be doomed to failure in the coming months, unless other measures are adopted on other fronts.

Damaged Sectors

The loss of these "indirect subsidies" is affecting the most highly integrated industrial export sectors above all, because they obtained the largest tax rebates on the basis of their shorter tax chain.

Iron and steel is one of the sectors most severely damaged by the new system of tax adjustments for exports, and the results have not been long in coming.

About half of the decline in income from the net exemption that exporters will suffer this year will correspond to the iron and steel sector, which is expected to lose about 50 billion pesetas in revenues this year.

Sectors such as textiles or shoes, or the book publishing industry, will also feel a significant adverse impact. It will be smaller in money terms, but more significant in relative terms.

The drop in income from exports in these sectors has already been felt in sales abroad these past few months. At any rate, the consequences will be greater as the year goes by.

The ills of the Spanish export sector in 1986 are not due exclusively to the negative effects of these tax adjustments, which are affecting some sectors more intensively than others. The weakness of world trade and the loss of exports' competitiveness share part of the blame, according to economic sources.

Projections for world trade this year are not exactly optimistic. For months now, international organizations have been gradually lowering their growth estimates. The most recent forecast states that world trade will grow by no more than 4 percent.

Some of the Spanish markets that were most promising in recent years have fallen apart, partly because of the lower buying power of some oil countries. Spain's sales to countries such as Egypt, the Soviet Union, Japan, China, Chile, and Turkey have been cut in half. These are the most spectacular examples, but not the only ones.

This fact is leading to the concentration of Spanish exports on the EEC countries, as is also happening with imports.

The loss of competitiveness due to the excessively high exchange rate of the peseta and the failure to correct prices to keep them in line with the rest of the world are another fundamental cause of the slump in exports this year. This slump will prevent the Spanish economy from growing even more than had been predicted.

Ill Winds Abroad

Although exports were not expected to be one of the engines of the Spanish economy at the beginning of this year, their contribution to growth is even less than predicted. They may actually yield a negative balance for the year as a whole, according to some forecasts.

Official sources indicate, in any case, that if world trade recovers in the next few months, this situation could improve. For the time being, the Spanish economy is expected to grow at a slower pace than was projected this spring, when oil prices began to decline along with the value of the dollar.

In view of these circumstances, the urgent need to dust off the export promotion program, which has been promised several times in recent months, could prompt the administration to bring this project to the fore again. Nevertheless, the general lines of the project do not represent any major innovation in export promotion instruments, though it is expected that the financial support for stimulating Spain's presence on some markets will be increased substantially, say administration sources.

The INFE would be the agency to channel these measures and earmark more funds for the promotion of foreign trade.

EXPORTS (January to June, 1986)

(In millions of pesetas)

Country	Amount	% Variation
U.S.A.	165,166.6	- 5.9%
Saudi Arabia	29,775.4	-21.5%
Morocco	19,709.1	- 9.5%
Cuba	21,426.1	-14.2%
Japan	19,337.0	-27.6%
China	16,189.2	-16.3%
Mexico	14,384.1	-31.0%
Egypt	12,849.4	-68.7%
Venezuela	11,391.8	-13.2%
Libya	9,370.4	-28.3%

8926
CSO: 3548/84

TECHNOLOGY VIEWED AS THREAT TO SMALL BUSINESSES

Madrid YA in Spanish 24 Aug 86 p 13

[Article by Susana Blazquez]

[Text] Forty-one percent of Spaniards believe that new technologies will reduce employment over the next 3 years, according to a poll published recently by the Sociological Research Center. These technologies replace manual labor and move into all kinds of industries. In the 1970s, for example, this trend led to the loss of 46,000 jobs and the closing of 17 firms in the Swiss watchmaking industry.

According to the Planning Cabinet of the National Employment Institute, whether the introduction of technology destroys or creates jobs depends on the model of business organization. "The businessman is more competitive and can generate more employment when he incorporates technological innovations in products, production processes, and the comprehensive organization of the business. Only in this way can he develop a line of revamped products with enough value added to be able to survive on a highly competitive market."

Jose Manzanares, confederation secretary of the General Union of Workers (UGT), asserts that "new technologies destroy jobs when they are used merely to replace the employee, with a view to short-term earnings. However, the businessman can expect long-term profits if he uses the surplus labor to boost production, or if he trains these employees to make better and more competitive use of the new tools."

Displacement of Professionals

Most of the jobs slated for elimination are manual labor positions in areas such as the railways, telecommunications, printing, and teaching. These professions will be replaced by new ones based on data processing, telematics, information, bioengineering, the aerospace industry, new sources of energy, and principally microelectronics, which is the driving force of all of the above.

In this displacement of labor, the primary sector sends manpower to the industrial sector, and both of them to services. Since 1956 the Spanish agrarian labor force has shrunk by about 25 percent; the industrial workforce has remained almost stable, and that of services has grown from 25 to 46 percent of the total. Spanish industrial policy does not, however, have as clearly defined an expansion model as other European countries, due to the belated incorporation of this kind of technology.

It is no longer as common for many jobs to be opened up at once, because work that used to require a large component of manpower has been progressively mechanized, thanks to robotics and numerical control machinery.

The introduction of new technologies cuts costs and enhances the possibility of producing much better goods and services. This provides an impetus for economic expansion, which contributes to entrepreneurial intitiative and boosts production.

Jose Manzanares believes, however, that "although we are moving toward a mandatory reduction of work hours, some sectors cannot absorb the labor surplus. This problem is transferred to the rest of society, because it has to aid the unemployed. Examples of such assistance are the solidarity fund of the Economic and Social Agreement, which has earmarked 20 billion pesetas for professional training, and the European Social Fund, which has given Spain 50 billion pesetas for the regions hardest hit by unemployment."

8926
CSO: 3548/84

TROUBLE IN BANKING SYSTEM SAID GROWING

Istanbul DUNYA in Turkish 27 May 86 pp 1, 9

[Interview with banker, businessman Halit Soydan by Bayran Basaran: "Squeeze on Banking System is Growing"]

[Text] Halit Soydan recently left his position as general director of the Garanti Bank and his duties with the Dogus Group to become general coordinator for Sabanci Holding, Adana Region. We talked with him about Turkish banking now and in the past. Halit Soydan said that the banking system had entered a process of change in 1980 and that this process was still not complete.

Soydan noted that the banking system suffered its first losses due to the process of change in 1982 and stressed that, to get the problems out of the system and prevent another 1982-style tragedy, authorities must identify and find solutions to the problems as soon as possible.

He said that the problems in the banking system consist of high costs created by high deposit interest rates, the high proportion of fixed outlays in general expenditures owing to overstaffing, the rise of hidden credit, the virtual nonexistence of foreign exchange personnel with adequate knowledge of the language, the inadequacy of banks' financial structure and their tendency to take on more foreign exchange debt than necessary. The interview with DUNYA follows:

[Question] Mr Soydan, would you first briefly summarize how Turkish banking reached its present form?

[Answer] Turkish banking has a history of over 100 years. One must examine it in two stages. First is the period prior to 1980 and second is the post-1980 period. Until 1980, Turkish banking was introverted and had the appearance of a sector which did the government's bidding on interest and foreign exchange and which, especially in the 1970's, carried out procedures with cheap foreign exchange and at interest rates pretty well below inflation.

After 1980, those characteristics changed totally. After 1980, first interest rates and then foreign exchange prices were deregulated. The banking sector was opened to foreign competition. The role and influence in banking of foreign transactions grew after 1980. Thus, banking entered an intensive process of change. There had been no shocks in the banking system from 1960 to 1980, but after 1980 six banks that had trouble adapting to the new system withdrew from the scene. My purpose in relating this is not to criticize the policy that caused these events, because a debate could be held on every aspect of this policy.

One of these six banks was a 100-year-old public bank which merged with the Ziraat Bank.

[Question] Mr Soydan, has the shake-down period for this process of change ended and where is the system in this process at the moment?

[Answer] The process of change has not yet ended. Neither the Turkish banks in the system nor the 20-some foreign banking establishments which came into it in the 1980's have completely overcome the difficulties of this process. The system cannot be said to have resolved the problems until the balances are in place.

[Question] The biggest shock in recent years came in 1982. Now, however, the system has gone into a new troubled period that started early in the second half of 1985. Official voices confirm this. I wonder if there might be a question of another treat tragedy like the shock of 1982?

[Answer] This is a very difficult question. As I said a little earlier, all of the problems in the Turkish banking system have not been solved. That is, the banking sector in Turkey has problems. Will these problems cause 1982-style failures in the days ahead? We certainly hope not, because banking is the kind of sector where production depends on trust. Those doing business in other sectors buy and sell. Banking is not like that. The thing that keeps it going is deposits. That is, the people's savings and their confidence. Therefore, banking failures are not like failures in other sectors, because they ripple out through all units of the economic system. I would like to give a very dramatic example here. An Italian bank failed in recent years. And "Senor Calvi," one of the leading administrators of this bank, threw himself from London Bridge in England.

[Question] But there was no such incident in Turkey in the failures that occurred in the system in 1982, Mr Soydan.

[Answer] This example was to stress how sensitive the banking system is to failures. Actually, the system got out of the collapse in 1982 very cheaply. I am afraid that subsequent failures will not be overcome so cheaply. And I hope no such failures occur.

[Question] What, in your opinion, is the extent of the troubles in the system, sir? Why has the system gone into a second difficult period in the 1980's?

[Answer] As I said a little earlier, it is rather hard to answer this question. Banking failures that could occur in Turkey would spread into every sector of the economy. It is hard even to give any information beyond just opinion to explain how grave these dangers are. Let me just say this. It is appropriate for the authorities to be aware of the matter and give it careful attention. A great deal of damage can be done by malfunctions that can occur in a system in which capital accumulations are forming in a country like Turkey where capital formation is not yet complete.

It is difficult enough to exchange views openly on developments on which we agree how grave the consequences will be.

[Question] Okay, let me put the question a different way. Where is the trouble in the banking system?

[Answer] Until the 1970's, banking in Turkey developed as a system under the guidance of the governments and having various services in its structure. Banking became a labor-intensive sector for this reason. The number employed in the system is around 140,000 in 6,400 branches. By the 1970's, the system had undergone many shocks [as published]. By now, the system has undergone many shocks. As seen here, there is a large element of cost to pay for labor in what we call general expenditures. In the 1970's labor costs grew to large proportions. That was a dangerous development. The second point is interest rates. In the 1970's, they were at least below inflation. Costs were low. Deposit interest rates were deregulated in 1980. Even though setting interest rates on deposits was returned to the public sector because of the events experienced in 1982, the cost of resources, that is, deposit interest rates, remained at a very high level. As seen, the banks have two important problems. The first is the cost of personnel and the second is the high cost of resources. At any rate, these two form 90 percent of total costs. Although personnel expenditures have accounted for a smaller share of costs since 1980, they still have a significant portion. The share of fixed outlays in general outlays is very high. In addition to his, the system was always domestically oriented until the 1980's. The number of people in this system, which now employs 140,000-150-000, who know foreign exchange, who know the language, is so small as to be nonexistent. And this is a third element of pressure on the banks. Yet, to be outward oriented obviously requires knowing the language, knowing foreign exchange.

[Question] Mr Soydan, what are your views on the financial structure of the banks? The system is increasing its capital but covers a large portion of it from reassessment funds. Is that the correct way?

[Answer] Development of the financial structure of the banking system is a must. However, covering it out of reassessment funds is wrong, because they already use this as net assets. The system needs new blood.

[Question] When we look at banks' balance sheets, sir, the importance of overdue payments, that is, hidden credits, is rarely seen. In your opinion, is the role of delayed receivables in the system's troubles really this negligible?

[Answer] Overdue payments are one of the biggest, most important problems confronting the banks. No one is saying anything definite yet about the dimensions of overdue payments. There is not even a requirement for auditing the banks' balance sheets by means of foreign auditing firms today. The plan for overdue payments within the framework of a standard accounting plan has just been devised and it is not known definitely when this standard accounting plan, which it had been hoped would go into effect the first of 1986, will become compulsory practice. Overdue payments are both a bank problem and an economy problem. We should not wait any longer to solve it. If the banks make the right decisions and start collecting, and new resources [words omitted] within the balance sheet volumes, perhaps no great damage will be done to the banking system and we can be hopeful in the long run.

[Question] Sir, there are a variety of views on the problem known as hidden credit or overdue payments. The banking sector accuses industry, and industry has a number of things to blame on the banks. What, in your opinion, is at the bottom of hidden credits?

[Answer] Doubtless the problem has many causes. However, two stand out. One if that the "debt-net assets ratio" of the financial structure of Turkish industry is out of balance. As I said earlier, capital formation in Turkish industry overall is inadequate. For this reason, loans are needed for operations. There is nothing to worry about when interest rates lag behind inflation. However, although interest rates went up after 1980, it began squeezing operations, which means that the first problem is incredibly high interest rates. The second problem is the inability to balance their loans because of rising interest rates after 1980. That is, interest which it was possible to pay before 1980 reached dimensions impossible to pay after 1980. Another important cause in addition is that wrong or preferred credits were issued during the slack period. There were two types of these wrong credits: credits given as the result of political pressure and group credits. I do not want to dwell on this too much as it is a very sensitive topic. But the fact that these unpaid credits reached proportions to be a shock to the banks after 1980 cannot be ignored.

[Question] It is true, sir, that this shook the banking system. So how can this problem be solved? Isn't there a solution?

[Answer] There is no quick fix for this problem. The quickest solution is to carry over to the long term. As for achieving success in this, it may be resolved provided the mistake is no longer being made.

[Question] Interest continues to grow on unrepaid loans. How is this to be solved?

[Answer] The banks do not have sufficient net assets. The banks have to improve their net assets. This is necessary to prevent stress on the banks during the solving of this problem. But this is not everything. Beyond these facts, net assets everywhere in the world are puny compared to foreign resources. The rate is 20 to 1. In Turkey, new money has to flow into the banks' net resources for this balance to form, that is, it has to flow into their capital. When state-owned banks have this problem, it places a great burden on the Treasury. For the private banks, it is very hard to find new money at this rate because most of the private banks in Turkey are family banks. Moreover, they cannot issue shares to raise this money on the market. Looking at it from this standpoint, one sees that it is not an easy job at all for banks to reinforce their net assets. Most of the banks in Turkey need to bring their capital, their net assets, to an adequate level. To do this, new and real resources are needed.

[Question] Sir, one of the biggest problems is high credit interest. The banks have too many high-cost deposits. Won't decreasing credit interest now squeeze the system even more?

[Answer] High deposit interest and high credit interest have become a burden on the back of the economy. The revival of investment and production depends on cheaper resources. It is necessary to find this scarce resource in Turkey for the economy to develop. I would like to underscore this. There is a close relationship between inflation and credit and deposit interest. One cannot expect interest to decline significantly without reducing inflation and even getting it on a stable downward trend. I was pretty optimistic about interest rates at the first of 1986, because of the declining value of the dollar, declining oil prices and indications that the 1986 goals would support agricultural production. However, I think the government is going to lean towards much tighter, more extensive oversight of both money in circulation and the money supply. So I hope inflation will come down. However, the most changeable situation compared to the initial estimates here is money in circulation and the money supply. In addition, the decline in the dollar is continuing and the declining value of petroleum is continuing. It is already clear that agricultural production will be quite a bit higher than last year. I would like to point out here the need to pay a great deal more attention to the money supply for inflation to come down as needed for credit interest to come down. It is impossible to adjust interest seriously without regulating inflation. Inflation for April was announced a few days ago as 4.1. This is very high. It shows how much money was supplied to the market. One does not say a thing if he talks about inflation without talking about interest.

[Question] Certain banks have a rather heavy load of foreign loans, as you said. I wonder how the banks are going to pay off these loans. Some banks are saying that the Central Bank is not strong enough to help these banks. What do you think?

[Answer] There are differences of approach in foreign-currency loans. I do not want to argue over the definition of it. However, it is true that foreign exchange deposit accounts have reached a significant size. We know that foreign exchange loan payments have been limited. However, a foreign exchange loan is a foreign exchange loan. The banks have to keep close tabs on their foreign exchange which is up to 1 year. As for these loans' creating the ability to repay loans, that is a stop-gap measure. Borrowing foreign exchange to repay foreign exchange is no solution. I am not opposed to foreign loans. However, I am in favor of foreign-exchange borrowing in conjunction with the entry of foreign capital. However, adequate foreign capital has not entered

Turkey to date. That is, borrowing is needed which manages well the difference between foreign exchange debt and income. I think Ak Bank is the best example of this.

[Question] Mr Soydan, we have been unable as yet to find a solution to how the banks are going to repay their foreign loans.

[Answer] Banks are not trading houses. They have extremely important duties providing a public service, in which scarce resources are used, and, therefore, duties in line with their country's interests. The banking sector's goals cannot be to say, "I'm growing, I'm looking out for myself for tomorrow." The banks have to have goals such as ensuring advantages to the national economy instead of operational goals such as thinking profits.

[Question] Mr Soydan, the small banks look like a spoiled child in this regard.

[Answer] I cannot allow myself to comment on that here. However, I can say this: Overextended banks ought not to make commitments for more foreign loans without paying off these loans. This must be prohibited. This, too, seems to be a long-term solution. That is, it is necessary to carry the problems over to future years. I do not accept, cannot see, any other kind of formula that will solve the problems of Turkish banking.

[Question] The foreign exchange squeeze is reaching the absolute limit.

[Answer] The foreign exchange problem seems at the moment to have been largely solved from the macro standpoint, because Turkey's foreign exchange revenues from the exchange of services such as tourism have brought relative improvement. I do not think it will cause significant damage. This is an advantage as regards resolution of the problem.

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VALMET HOPES L-90TP TRAINER TO WIN EXPORT SALES

Helsinki HELSINGIN SANOMAT in Finnish 28 Aug 86 p 27

[Article by Jyri Raivio: "Valmet's New Aircraft Received Experimental Aircraft Certificate"]

[Text] Valmet's Kuorevesi Plant's newest aircraft type L-90TP Redigo received its first type acceptance certificate from the Civil Aviation Administration.

After a 40-hour test flight program the Redigo was granted an experimental aircraft's so-called Experimental Airworthiness Certificate, on the basis of which the Redigo, which is designed to be a training aircraft for the Air Force, will depart next Monday for England and Farnborough's international air show. Farnborough is the most important exhibit of the international aviation industry and an essential starting point for Valmet's ambitious international marketing campaign.

The L-90TP was developed from the L-80TP Turbovinha, which crashed into a lake in April 1985 in connection with a public demonstration taking the lives of the pilot and the test flight engineer. The accident occurred as the result of the aircraft failing to come out of a spin for unknown reasons, and for this reason special attention has been given to the spin properties of the Redigo.

An attempt has been made to improve them by fins situated under the fuselage and by a new a design of the wing tips, among other things. The result has met expectations since Valmet's Chief Test Pilot Ari Piippo considers the properties of the Redigo to be safe in every respect.

Valmet has also commenced construction on a third prototype, which should be completed in the fall of next year. The L-90TP, which is equipped with a turboprop engine developed from the Air Force's Vinka training aircraft, represents a significantly large product development effort for Valmet. Juhani Makinen, the manager of the Kuorevesi Plant, will not consent to disclosing how large the effort was. Information on the price per Redigo aircraft and on the total expenditures of the Kuorevesi Plant's first significant marketing campaign also remains a secret.

A significant portion of them will occur in the first week of September in Farnborough where Valmet will be more visible than ever before. Everyday Piippo will fly the aircraft painted in highly visible colors according to the instructions of an advertising agency and in a flight suit designed by the advertising agency, and Valmet will present the Redigo at the air show as well as in a chalet-tent intended for entertaining dignitaries and conducting negotiations.

The secretiveness justified by competitive reasons also drapes a shroud of mystery over the most important points of the marketing drive. Valmet has thoroughly studied all the world's air forces, from which a group of possible buyers has been gleaned. Neither Makinen nor his marketing chief, Per Fallenius, will consent to revealing the size of the group much less the countries belonging to it.

However, they do not deny having presented the Redigo in at least two countries, China and Finland.

Valmet's most important sales argument is the savings that can be achieved with the L-90TP in the training of military pilots. The company advertises a training program in which a person can be taken directly off the street and placed in the cockpit of the Redigo. He would be given 100 flight hours of training, after which he would be transferred directly to a Hawk-class jet training aircraft.

In this way a destroyer pilot can be trained by a half million dollars or 2.5 million markkaa less than with the other two presently available methods. This is at least the argument in Valmet's Redigo presentation, in which the extreme accuracy of the calculations does, indeed, leave one with a slightly comical impression. Thus the presentation alleges that the cost of training a combat pilot with equipment used by the Finnish Air Force is $4,528,272.

In Finland training is conducted with Valmet's light Vinka all the way from the beginning to the Hawk phase. By replacing it with the L-90TP the Air Force could have a fully trained combat pilot with $4,061,890 according to the presentation.

Valmet's accurate dollar calculations have not, at least for the time being, convinced the Finnish Air Force. According to Manager Makinen, it has expressed its interest in the Redigo as a communications aircraft at the most. Not too many aircraft are needed in this capacity.

However, a domestic order would be vital for Valmet's marketing efforts. Doubts are raised among possible buyers by the fact that the aircraft has not been sold in the country of manufacture.

Avtek Will Not Come Out of Its Spin

Valmet joined the Avtek aircraft project being promoted by retired American commercial airline pilot Bob Adickes in the spring of 1985. Valmet's intent was to become involved in the development of a special version of a dual engine, fiberglass structured commercial aircraft and the fiber-glass landing gear of the aircraft with a relatively small investment of 1 million dollars.

Now more than a year and a half after Valmet's inclusion in the project, Adickes has run out of money. New funds have not been obtainable from anywhere.

The technical development of this ambitious project came to a complete halt a long time ago. Construction has not even been started on the first prototype.

Since last spring the Avtek Company has been comprised of only five employees in a small office in Camarillo, California. Other employees have been laid off. Valmet's prototype of the fiber-glass landing gear is ready and two of Valmet's three engineers who have worked on it have returned home.

Avtek 400's potential markets are badly depressed. The general aviation industry is suffering one of the worst depressions of all time in one of the countries of paramount importance, the USA.

Avtek's most significant competitor, Beech Starship, is conducting test flights with several different aircraft. Its lead on Avtek is growing everyday.

In this situation Valmet is attempting to assemble an enterprise group which would take charge of the future development of Avtek 400, but not at all by its own means but only in the event that Tekes and Sitra become involved with tens of millions of public product development markkaa. Neste and Partek, at least, have already expressed an interest.

The enticement is the aircraft's structure. Avtek is being marketed as a means of riding the crest of a new wave of fiber-glass technology.

Forget the whole story. It is no longer worthwhile wasting money on Avtek, at least not public money. It will no longer come out of its spin with the help of tens of millions of Finnish markkaa. There would be good reason for Valmet to abandon this project and soon.

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AERITALIA ADVANCED RESEARCH INCLUDES STEALTH TECHNOLOGY

Milan IL GIORNALE in Italian 22 Aug 86 p 7

[Article by Massimo Zamorani; first paragraph is IL GIORNALE summary headings]

[Text] Aeritalia is one of the five companies in Europe capable of designing and manufacturing highly sophisticated aircraft. In 1985 the company had a sales volume of 1,377 billion lire. Sixty percent of the company's production is destined for export. Aeritalia's top priorities include Short-Take-Off-Vertical-Landing (STOVL) supersonic aircraft.

Turin. The accident to the American "stealth," i.e., the Lockheed F-19 which crashed close to Edwards Air Force Base, focused the attention of people all over the world on those mysterious "invisible" aircraft which defy radar detection.

But it is not just the Americans who are working on producing aircraft which cannot be detected by radar systems. In Turin, in the laboratories of Aeritalia (the Italian aerospace company forming part of the Iri-Finmeccanica group), one of the technological innovations that the company has been working on for some time now is none other than stealth techniques--an English term meaning "secret," in the sense of "hidden," "furtive."

"It is of the utmost importance," says Mr Paolo Conti, head of Technological Innovation, "for the aircraft to succeed in coming close to its target without being seen."

Deceiving the radar, leaving no trail of heat which could be picked up by infrared systems--companies all over the world are working on mastering stealth techniques. At the Edwards Air Force Base, just as in the offices of Torino Caselle, there are two fundamental things which have to be done. First, the design of the aircraft has to be modified so that all sharp corners are eliminated and the surfaces which reflect electromagnetic waves are reduced. Second, materials have to be used which are actually transparent to radar emissions. In other words, these waves must not be reflected to the sender to signal the aircraft's presence. Finally, there is also a third aspect which has to be taken into consideration, and this involves the use of paints which tend to absorb electromagnetic waves.

Massive research work is being done on special composite materials such as carbon fibers with special structures--an area in which, for the moment, the Japanese hold all the cards and are wary of disclosing anything.

Moreover, carbon fiber technology represents one of the most promising areas of development in applied aeronautical research, since this material has other uses apart from achieving that mythical function, invisibility.

In Turin, Aeritalia has already produced a wing which is defined as "the most sophisticated wing in the world." This wing is destined for use on the EAP (Experimental Air Program), the experimental aircraft which is to be used for testing of the solutions which will finally be applied to the famous EFA of the future or, in other words, the European fighter-interceptor of the 21st century. With this wing, Aeritalia will apply for the first time co-bonding methods. Co-bonding involves the use of fibers impregnated with epoxy resin (each layer is 0.2-mm thick). These layers are placed one on top of the other to form a "web" which is then "fired" in an autoclave. During this stage, the combined effects of temperature and pressure cause the polymerized resin to harden.

What advantage does a wing produced in this way have over a wing produced using a conventional metal structure? The answer is: a higher resistance-to-weight ratio.

The first flight of the EAP, complete with its totally new wing, is scheduled to take place within the next few days. The aircraft will take off from Warton, England.

Aerospace and Aeritalia are associated in this program, and the Italian portion is financed by the Ministry for Industry.

Today Aeritalia is one of the five companies in Europe capable of designing and manufacturing sophisticated aircraft from A to Z, carrying out all the necessary stages from preliminary research to certification. In 1985 the company had a sales volume of 1,377 billion lire; 60 percent of the company's production was destined for export; profits were 28.2 billion lire; the company invested 66 billion lire on plant and machinery, and 400 billion lire on research. At the end of 1985 Aeritalia had a payroll of 14,539 employees, a figure which represented an increase of 11 percent compared to the previous year.

Aeritalia is a high-tech company which focuses on research and development rather than on manufacturing activity based on mature technologies, which are gradually being sold off, creating a substantial spin-off for other industries.

Today the company's objectives include the production of a Short-Take-Off-Vertical Landing (STOVL) supersonic aircraft for military use, which exploits not only vectored airflows, thus providing a vertical thrust component, but also uses "supercirculation."

An airflow blown along the back of the wing increases the lift at low speeds--a highly desirable characteristic for any plane. Let us imagine an aircraft weighing 15 tons and flying at speeds of 20-30 knots, and which still remains maneuverable. Well, an experimental aircraft of this kind will be ready for take-off in 1995 and will become operational at the beginning of the next century.

Still on the subject of military aviation, Aeritalia is presently developing four examples of stand-off weapons systems which will fly on a Tornado next September. This work is being carried out, in association with Snia Bpd, at the expense of Aeritalia.

Enemy targets are increasingly well defended, and this is the reason behind the development of weapons containers. These containers can be released by the aircraft at a certain distance from the target, reaching their destination autonomously at the same time the aircraft starts moving away from the target in order to avoid flying over the enemy defenses. These containers know the trajectory and are capable of identifying the target. The term used to define them is Swadd (stand-off weapons dispenser demonstrator); their delta wing gives them the appearance of small planes (about 5 meters long) without a pilot.

Under the heading of intelligent weapons we also find a bomb which, as if it were hypnotized, homes in on the target which is illuminated using a laser beam.

Modern avionics or, in other words, the union of electronics and aeronautics, means that today the roles played by the airframe and the engine are of secondary importance--to such an extent, in fact, that the aeroplane is now regarded merely as a sort of "platform," a kind of box containing an ever-increasing number of electronic systems.

On-board the aircraft there are computers which control all the basic systems of the aeroplane, i.e., the hydrualic system, the electrical system, the undercarriage, and the flight controls.

"Today we are working on a system which controls the systems," says Mr Franco Ferrero, an engineer and the technical head of the Military Aircraft Division, "and which is capable of identifying and giving warning of any breakdowns which may occur." This system intervenes automatically to cut out one system and insert another system. It also indicates the reason for any faults which occur, and this is of immense help to whoever is responsible for ground maintenance. The active controls intervene to coordinate pilot action and the flight situation, reducing the aerodynamic loads without the need for human intervention. All this means that the pilot is no longer the "master" of the aircraft, since electronics now acts as a mediator between the pilot and the controls, modifying any human intervention according to the flight conditions.

An increasingly complex and difficult part of the aircraft is the cockpit or, in other words, the driving seat. This has now come to have a life of its own and is no longer simply a matter of instrument panel and controls.

The active cockpit, which has already been installed on the EAP and which will also be installed on the EFA, is an integrated system which gives the pilot all the information processed by the computer, presenting them both in the head-down position, i.e., on the dashboard instruments, and in the head-up position, i.e., projected onto the windscreen so that the pilot is never distracted from the line of vision.

And voice controls? When will these become a reality? The idea of an aircraft which obeys spoken commands seems almost absurd but...yet it is not at all.

"For us," says Mr Ferrero, "voice controls simply represent a new method of man-machine interface. We are presently developing a system capable of recognizing between 130 and 140 words. One particular aspect we have to bear in mind is that the human voice can be subject to alteration in specific conditions such as, for example, excessively high speeds."

Is it possible, then, for the pilot to order the aircraft to veer right! veer left! dive! pull up!?

"No. For the moment, at least, we are not dealing with commands of this sort--commands which, moreover, have to be graduated. It is not a matter of flight controls, but rather of simple requests for information. And it is possible that the system may provide such information on its own initiative, without having been asked, particularly in emergency conditions."

Many areas of electronics: electronics for seeing and electronics to avoid being seen; electronics to conceal what is on board.

"Everything to do with the aircraft's vulnerability," says Mr Paolo Conti, "is extremely important. With the advent of the F-104, the Amx and subsequent versions a new page was turned, and the Tornado represents an important transition stage."

Electronics plays a role in the design stage too. The Military Aircraft Division headed by Mr Ferrero employs 744 people. Of these, 403 are technicians, 177 university graduates and 130 are highly-skilled workers.

The introduction of a CAD system (Computer Aided Design) has reduced the number of draftsmen. Until only a short time ago the Technical Department was full of draftsmen. Now it is the computer that draws, while the operator recalls all the details of the design onto the video screen, elaborating on them, modifying them, and extrapolating.

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CSO: 3528/M249

MADEIRA ARCHIPELAGO DEFENSE PLAN STRENGTHENED

Lisbon TEMPO in Portuguese 8 Aug 86 p 15

[Article by Jose Manuel Rodriques]

[Text] Funchal—A new defense plan for the Madeira archipelago, designed by the commander in chief of the region and supported by the head of the regional government, calls for a strengthening of the military forces, especially the available air forces.

This week in Lisbon, the president of the regional government, with Defense Minister Ribeiro de Almeida, analyzed a defense plan for the archipelago designed by the current commander in chief of the Armed Forces of Madeira, Brigadier Loureiro dos Santos.

According to information that we managed to obtain, the plan includes a military component and a civil component. The latter will be the subject of discussion in the meeting between Ribeiro de Almeida and Joao Jardim. The head of the regional government has pronounced himself in favor of the plan.

Further details are not known, and it can only be confirmed that the plan aims to strengthen the means of defense, namely air defense. At this time, the Air Force disposes of only one detachment of two Aviocars at the Santa Catarina Airport. Some months ago, military officials began to speak of the possibility of the Air Force installing a base on the island of Porto Santo. It may be recalled that NATO controls some infrastructure there, practically unused, and that its high officials have already announced that expanding the island's runway is one of the priorities of the Atlantic alliance.

According to other information obtained by TEMPO, the plan designed by Loureiro dos Santos includes provisions for the distribution of the archipelago's military infrastructure and namely calls for the construction of a new building to serve as general headquarters, presently located in the Palace of Sao Lourenco, residence of the military governor and the minister of the Republic.

Martial Law and State of Emergency

Also related to the defense question is the Law of States of Emergency and Martial Law. Lately the regional assembly has shown support (votes in the PSD, PS and CDS) for the proposal being discussed in the National Assembly.

However, the opinion elaborated by the special commission recommends some changes with respect to the autonomous regions, two new articles having been proposed which stipulate that, when martial law or a state of emergency is applied to the autonomous territories, the chief of state, before making the declaration, must hear out the government bodies of the regions. It also recommends that the carrying out of martial law or a state of emergency in the regions be guaranteed by the heads of the regional governments.

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POLL SHOWS PUBLIC OPPOSITION TO OIL PRICE COOPERATION WITH OPEC

Only One-Fourth Support

Oslo AFTENPOSTEN in Norwegian 11 Sep 86 p 41

[Article by Morten Woldsdal]

[Text] There is considerable opposition among the Norwegian people to a reduction of Norwegian oil production as part of a cooperative effort with OPEC, according to an opinion poll conducted by the IKO Marketing Link firm. A total of 48 percent of those interviewed in the survey opposed Norwegian cooperation with OPEC, while only 26 percent supported the idea.

The opinion survey was part of a larger annual survey concerning the views held by Norwegians on a number of oil issues.

The poll itself was carried out by the Norwegian Opinion Institute (NOI) at the request of the IKO company. The same number of people were surveyed and the same selection process was used as in the regular political opinion polls.

This is the 7th year IKO Marketing Link has commissioned this poll, but it is the first time people were asked about their view of a possible reduction of Norwegian oil production. Those interviewed were asked to respond to the following statement: "We should cut our oil production in order to support OPEC."

A total of 48 percent of those interviewed said they disagreed that Norway should cut oil production, 26 percent supported the idea, 24 percent said they were neither for nor against and 2 percent did not answer the question. In other words a clear plurality of those asked opposed a cut in Norwegian production as part of a cooperative effort with the OPEC countries.

This opinion poll was conducted in May. The reason why it was not released until now is that the survey results were being analyzed. The poll was carried out after the Labor government issued its first clear signal concerning Norwegian cooperation with OPEC.

Chief consultant Harry Rodner of IKO Marketing Link said the poll shows that the decline in oil prices and the problems besetting the Norwegian economy have clearly heightened the interest Norwegians have in the oil issue.

"Most Norwegians have a very clear opinion about many oil issues which is difficult to change. When it comes to OPEC, however, opinions do not seem to be as strong. People's attitudes could still be easily influenced," said Harry Rodner.

Statoil to Study Announcement

Oslo AFTENPOSTEN in Norwegian 11 Sep 86 p 41

[Article by Flemming Dahl]

[Text] Statoil is studying the announcement that the government will limit oil exports and the state-owned oil company will do everything it can to help carry out the decision, according to information chief Willy H. Olsen. He declined to make any further comment on the matter.

Statoil has taken a negative stand in the past on limiting oil production, but there is reason to believe that the company is less skeptical about limiting exports. This is regarded as an intermediate solution, because the oil company will not be directly affected.

For Statoil--which buys and resells the oil the state receives in lieu of taxes--the new decree means that both expenses and receipts will decline. There is reason to believe that Statoil has bought and sold this oil at about the same price level.

It is estimated that in recent months Statoil has sold 80-85 percent of the oil the company had at its disposal, including the oil received by the state as compensation for taxes, under the terms of long-term contracts, while the rest was sold on the spot market. The company would be able to supply customers under long-term contracts even without the state oil share.

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West Europe Report

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WEST EUROPE REPORT

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SCHLUTER GOVERNMENT POPULARITY FOUNDERS ON BAD ECONOMIC NEWS

Prime Minister On Poll

Copenhagen BERLINGSKE TIDENDE in Danish 31 Aug 86 p 1

[Article by Ole Dall]

[Text] Only 19 percent of the voters find that the government has done a good job, and that is a record-low figure for the Four-Leaf-Clover government. Prime Minister Poul Schluter (Conservative Party) finds that the balance of payments problems at present eclipse the results of the government in other areas.

"I am looking forward to seeing the next poll!"

This was Prime Minister Poul Schluter's immediate comment on today's Gallup poll, which shows a dramatic drop in the popularity of the government.

Only 19 percent of the voters find that the government has done a good job. Only 6 months ago, 37 percent of the voters had this view. Forty-two percent of the voters find that the government has done a fairly good job, while 30 percent find that it has not done a good job.

The voters have never before given such a negative evaluation of the Four-Leaf-Clover government. The poll was taken in the early part of August.

On the declining popularity of the government, Prime Minister Poul Schluter tells BERLINGSKE TIDENDE (Sunday edition):

"We have reached a stage where the fact that we have not yet managed to solve the balance of payments problem among some people overshadows the big results which the government has had in other areas.

The 185,000 new jobs, the fact that the enormous budget deficit was eliminated and we now have a budget surplus, the fact that we have provided increased job security, etc. These things are today regarded as a matter of course--and perhaps they are under the present government--but that is not the way it used to be."

The prime minister adds that "when the same government, whether nonsocialist or socialist, has been in power for 4 years, some voters become tired of the monotony." He, moreover, points out that the poll was taken before the government had presented its policy to the new session of the Folketing.

Poul Schluter, finally, asks for a poll on how the opposition parties have been doing--"the results of such a poll may be even worse."

"At present, the focus is very much on the balance of payments, but I think that most voters will realize that it will be entirely impossible to solve this problem under a coalition of the Social Democratic Party and the Socialist People's Party," he says.

Poll Shows Steady Drop

Copenhagen BERLINGSKE TIDENDE in Danish 31 Aug 86 p 5

[Text] Gallup Poll

The debate of the summer, time or perhaps the government's difficulties with the continued foreign debts, seem to have eroded the popularity of the government.

The popularity of the government is now at a considerably lower level than it was at the time of the last poll in February of 1986.

At intervals of 6 months--apart from times when special events call for polls--the Gallup Institute undertake consecutive polls of the opinions of the voters of the current government.

In these polls, a representative section of the electorate, comprising approximately 1,000 respondents, is asked the following question:

"Do you find that the present government has done a good job, a fairly good job or not a good job during its period in power?"

The first poll is usually carried through about 3 months after the new government has taken over, and the first poll on the Four-Leaf-Clover government was thus carried through in the early part of December of 1982.

The most recent regular poll was carried through in the early part of August, and the following table shows the results of that regular poll for comparison with the previous polls on the popularity of the Four-Leaf-Clover government.

The Schluter government has been doing:

		Well	Fairly Well	Not Well	No Opinion	Total
		%	%	%	%	%
December	1982	28	36	23	13	100
March	1983	38	39	15	8	100
September	1983	43	39	12	6	100
March	1984	34	40	21	5	100
September	1984	34	42	18	6	100
March	1985	30	42	21	7	100
August	1985	30	42	20	8	100
February	1986	37	36	20	7	100
August	1986	19	42	30	9	100

As will be seen from the above table, the popularity of the government is now at its lowest level since the Schluter government came into power in December of 1982. And the sharp decline in its popularity is particularly apparent from the fact that the number of voters who find that the nonsocialist government has been doing well has dropped by 50 percent from 37 percent to 19 percent, at the same time as the number of voters finding that the government has not been doing well has increased relatively by 50 percent, viz. from 20 percent to 30 percent.

To facilitate the comparison with polls on previous governments, the following graph shows all polls back to the Liberal, Conservative, Radical Liberal coalition government in 1968.

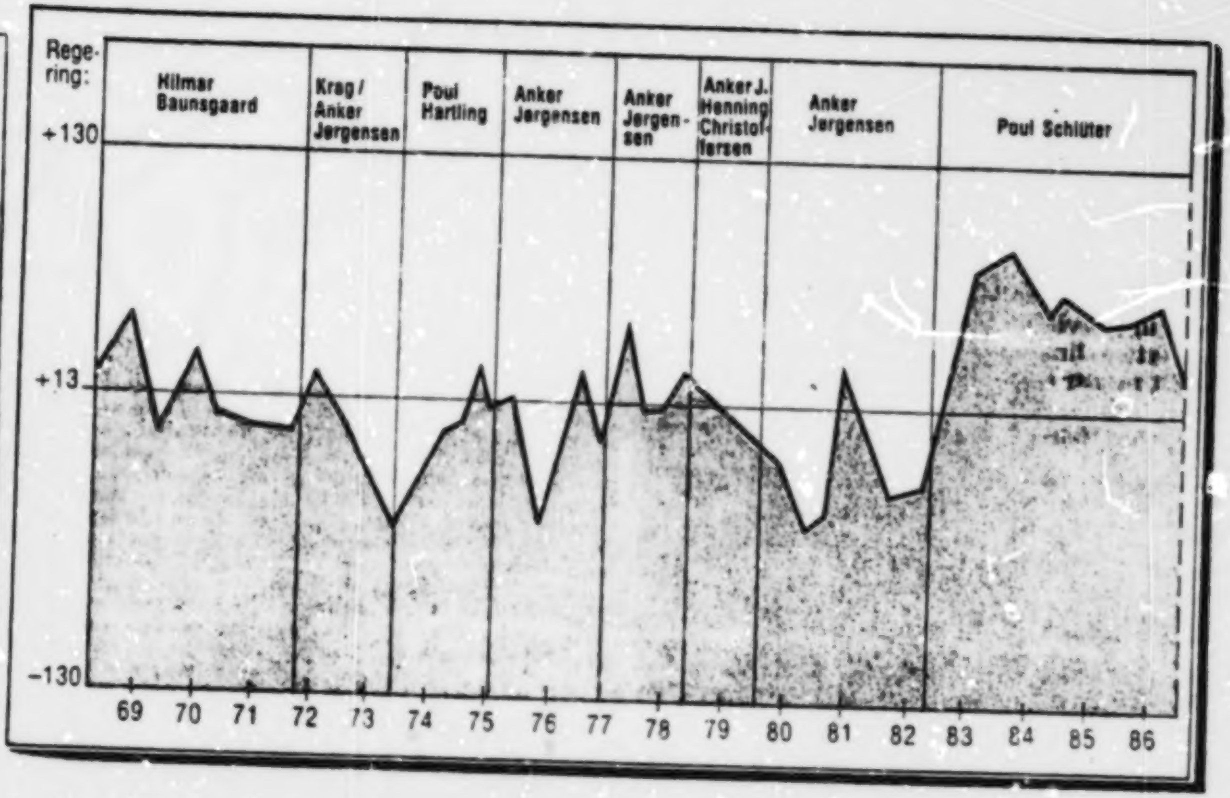
Each poll has been converted to a figure (score), and the answer "well" has been given the numerical value of 2, the answer "fairly well" the numerical value of 1 and the answer "not well" the numerical value of minus 2.

The most recent poll thus gives a score of plus 20, while the first poll in December of 1982 gave a score of plus 46.

The average for all polls was plus 12, and this average is shown in the graph by the vertical line.

POPULARITY OF GOVERNMENT

Poul Schlüter
83
84
85
86



As will appear from the above graph, the score of the nonsocialist government is now only slightly better than the average, and compared with all polls since December 1982, the setback will, if anything, have to be referred to as drastic.

Key: 1. Government

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GREENS' PARTY CONGRESS CHARACTERIZED BY INFORMAL FORUMS

Copenhagen BERLINGSKE TIDENDE in Danish 24 Aug 86 p 3

[Article by Morten Larsen]

[Text] The members of the environmental party, the Greens, do not want for a central committee or an executive committee to do the thinking on their behalf. That is why the party's national congress, which began yesterday at Ringe on Funen, is unlike the national congresses of other parties.

It is not at Ringe that the party will be finding a foothold for its political line and will be electing those who, during the period up to the next national congress, will be in charge of the party line and its interpretation. On the contrary, the national congress of the Greens is the forum in which all party members who feel so inclined may meet and, without commitment, carry on discussions to reach the compromises on a joint line which will unite the party and attract the electorate.

That is why the 100 members of the Greens who gathered over the weekend in the 100-year-old Grundtvigian free school and continuation school at Ringe spent the Saturday on group work on issues which, in the course of the next 2 years, will become the policy issues of the Greens.

The Greens will create a society of spirited, creative people, and that is why their groups do not operate as groups but as workshops of the future. On the basis of this model, the work is divided up into phases, and before anything is put down on paper, a fantasy phase is employed with games in the open to remove tensions.

The primary purpose of the national congress and the group discussions is to enable members across social and geographical lines to meet, inspire one another and develop visions. The visible result of the national congress will be reports on the work of the workshops of the future. These reports will be used when the committee of the party, which is the supreme decision-making body of the Greens, will be formulating the programs of the party.

The members of the committee will be nominated by the local party organizations of the Greens on the basis of membership figures. The committee will meet at least 3 times annually to make decisions on policy matters and the structure of the party and to elect the co-ordination committee, which will be in charge of the day-to-day practical tasks but will not make any political decisions.

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COMMUNIST PARTY ORGAN REPORTS ON FOLKETING RACE ORGANIZATION

Copenhagen LAND OG FOLK in Danish 26 Aug 86 p 3

[Text] The first candidates on the party lists of the Communist Party of each county and large constituency held a meeting in Copenhagen last Saturday to discuss, among other things, a stronger emphasis on the candidates of the Communist Party for the Folketing in the parliamentary debate.

Even if the Communist Party does not have any seats in the Folketing at the moment, the future group made its elections with a view to participation in the parliamentary debates. Jørgen Jensen, party chairman, became chairman of the group. Ole Sohn, chairman of the Semi-Skilled Workers' Union, became political spokesman, Frank Aaen, editor, financial policy spokesman, Dr. Bernard Jeune public health policy spokesman, Trille Bødtcher-Hansen, educator, social policy spokesman and Rita Sørensen, clerk, was elected environmental policy spokesman. Other areas of responsibility, such as peace and security and education, were distributed within the group and among other first candidates.

The first candidates discussed the most recent contributions to the discussions on the labor majority. In a resolution on this subject it was pointed out that the labor majority will have to be strengthened and built up--and not destroyed in bickering and party-egoistic competition between the Social Democratic Party and the Socialist People's Party.

The claim on the part of the Social Democratic Party that only progress for them will provide the basis for a change of government does not have any mobilizing effect. Similarly, it is wrong for the Socialist People's Party to demand ministerial posts and request wage restraints as a condition for the take-over of the labor majority.

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PEACE CONGRESS MEETING FACING COOL REACTION FROM LEFT PARTIES

Lannung Concedes WPC Tie

Copenhagen BERLINGSKE TIDENDE in Danish 8 Sep 86 p 5

[Article by Nils Eric Boesgaard]

[Text] Hermod Lannung, the 90-year-old honorary president of the Peace Congress meeting to be held in Copenhagen on 15-19 October, is vice president of a subdivision of the Soviet front organization the World Peace Council. Lannung has hitherto made great efforts to deny the influence of the World Peace Council on the congress, which increasingly appears as window dressing on the part of the Soviet Communist Party.

In a conversation with BERLINGSKE TIDENDE, Lannung confirmed his post of vice president of the International Liaison Forum of Peace Forces, which has got both its president (Indian Communist Romesh Chandra) and its address in common with the World Peace Council in Helsinki.

The 90-year-old Radical Liberal politician does not find it strange that he had not included his post of vice president among his other honorary posts in his biographies for Who's Who and other places. "I am, of course, also an honorary member of The Liberal World Union. If I had to enumerate all of my honorary functions, it would take up too much space," he says, adding that the ILFPF is a recognized international organization.

PROBLEMS OF COMMUNISM

It appears clearly from the YEARBOOK OF INTERNATIONAL ORGANIZATIONS that the organization was set up in conjunction with the Peace Congress meeting in Moscow in 1973.

The revelation of Lannung's direct contact to the World Peace Council appears in an article in the American periodical PROBLEMS OF COMMUNISM:

"In conjunction with the International meeting of the World Peace Council in Copenhagen on the occasion of the United Nations World Peace Year, Hermod Lanning has become president-elect. Lannung is a member of the Radical Liberal Party and is a traditional pacifist.

He is not directly associated with the World Peace Council but is vice president of the subsidiary organization the International Liaison Forum of Peace Forces--or the ILFPF. The organization has the same president as the World Peace Council but appears more impeccable on account of its anonymous nature and apparently impeccable membership.

However, the fact cannot be ignored that the president of the last congress of the World Peace Council in Prague in 1983 was Lannung's colleague, the Canadian vice president of the ILFPF, Edith Ballentyne, who is also chairman of the Women's International League for Peace and Freedom.

Hermod Lannung states that he "is not familiar with the Prague conference," but the idea suggests itself that in recognition of their shady reputations in the West, the World Peace Council and Romesh Chandra will want to avail themselves of the vice presidents of the ILFPF as intermediaries in arranging things which they would prefer not to have the appearance of being to much controlled by the Kremlin."

The ILFPF was set up in conjunction with the Peace Congress in Moscow in 1973, where Denmark was represented by the communist front organization, the Liaison Committee for Peace and Security, and in which Hermod Lannung was elected member of the presidium of the congress and the Central Committee for Peaceful Coexistence and International Security.

At the time, Hermod Lannung gave expression in LAND OG FOLK to his unreserved enthusiasm for President Leonid Brezhnev's welcome speech, in which he primarily dealt with universal peace.

The World Peace Congress will take place in the Bella Center from 15 to 19 October. The preparatory committee expects approximately 1,500 participants.

From Denmark, a number of peace organizations will participate, among them No to Nuclear Arms as well as representatives of the Socialist People's Party and the Radical Liberal Party. The Social Democratic Party and the nonsocialist parties have long ago announced that they will not participate.

From Eastern Europe, the official state peace organizations are expected to participate, whereas alternative peace organizations, such as Charter 77, Solidarity and the East German Christian groups have not been invited for fear of offending the Soviet Union, which, in the final analysis, is expected to be paying for the congress.

SDP Rejects Participation

Copenhagen BERLINGSKE TIDENDE in Danish 9 Sep 86 p 14

[Article by Thorkild Dahl]

[Text] Upwards of 200 Danish organizations will participate in the World Congress to be held in Copenhagen in October on the occasion of the International Year of Peace. The chairman of the Semi-Skilled Workers Union, Hardy Hansen, is among the first speakers. The Social Democratic Party has rejected participation.

The chairman of the Semi-Skilled Workers Union, Hardy Hansen, will be among the first speakers at the World Peace Congress meeting to be held in Copenhagen in October, even if the Social Democratic Party has rejected participation on the ground that the meeting has been arranged unilaterally by the Soviet Union.

Hardy Hansen will participate in the technical forum, and he will open the debate, it says in a press report from the World Congress on the occasion of the International Year of Peace. Most of the Danish political parties have rejected participation in the Peace Congress for the same reason as the Social Democratic Party. A report shows that 200 Danish organizations and movements have announced their participation in the congress.

The participating organizations are 82 trade associations and trade unions, 13 national peace organizations, 67 local peace organizations and "six national parties, the Radical Liberal Party, the Greens' Party, the Socialist People's Party, the Left Socialist Party, the Communist Party of Denmark, and the Workers' Party Common Course."

Other participants include a number of other Danish organizations, such as women's organizations, youth organizations, religious movements as well as solidarity and friendship societies, according to a press communique.

Charter 77 Participation Issue

Copenhagen BERLINGSKE TIDENDE in Danish 11 Sep 86 p 10

[Article by Thorkild Dahl]

[Text] Czech authorities have so far rejected that members of the country's independent civil rights organization Charter 77 will participate in the Peace Congress meeting in Copenhagen. The Peace Congress meeting will be attended by nearly 2,000 foreign delegates.

The Socialist People's Party is displeased with the efforts to hide the problems of the Czech civil rights organization Charter 77 in participating in the World Peace Congress meeting in Copenhagen. Members of Charter 77 have been denied exit visas for participation in the meeting.

This information was provided by Lars Nielsen on behalf of the Socialist People's Party at the press meeting in Copenhagen yesterday of the organizing committee of the World Congress in connection with the International Year of Peace.

The official Czech peace committee has rejected participation on the part of two members of Charter 77 on the ground that the invitation from the Peace Congress had been withdrawn. Lars Nielsen stated at the press meeting that the Socialist People's Party is considering having an exiled Czech participate in the party's own delegation.

Jens Clausager, Radical Liberal party secretary, who is on the organizing committee, said that "if there is any possibility for Charter 77 to participate, we shall welcome its participation, but there is nothing more that we can do on the part of the organizing committee." The Socialist People's Party will endeavor to have the human rights issue included in the discussions, although the organizing committee has stressed that the topic is peace and not human rights.

Gert Petersen, leader of the Socialist People's Party, has written the organizing committee that the agenda ought to include an item on "the exercise of human rights as an important element of peace."

The World Peace Congress has been criticized for lacking political latitude because it stems from an initiative on the part of the Soviet-controlled World Peace Council. Both the organization and the lack of political latitude are the grounds given by the Social Democratic Party and the coalition parties for their rejection to participate in the congress.

Criticism of the Social Democratic Party

The president of the congress, 90-year-old Hermod Lannung of the Radical Liberal Party, criticizes the Social Democratic Party for not wanting to participate in the congress.

"Many Social Democrats participate in the work of organizing and carrying through the congress, but we lack the official Social Democratic Party. They complain of a lack of scope, but by rejecting participation in the congress, they themselves contribute to preventing it. Many European parties do not want to participate until the Social Democratic Party announces its participation," Hermod Lannung said.

The World Peace Congress will mark Copenhagen. Chief Mayor Egon Weidekamp will, on behalf of the city, open the congress in the Bella Center for the expected nearly 2,000 international participants from 120 countries. There will be 150 participants from Denmark.

Well over 30 cultural events, such as theater performances and jazz concerts, have been organized in conjunction with the week-long congress.

A Danish hotel ship will probably be chartered to accommodate the delegates. The Copenhagen hotels have required full advance payments for their rooms for participants in the congress, which the organizing committee has been unable to accept.

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SOCIALIST PEOPLE'S EXECUTIVE ACCEPTS LEFTIST MP DEFECTORS

Spokesman Status Ruled Out

Copenhagen BERLINGSKE TIDENDE in Danish 8 Sep 86 p 5

[Article by Ole Dall and Carl Otto Brix]

[Text] The executive committee of the Socialist People's Party yesterday decided to accept MP defectors Jørgen Lenger and Anne Grete Holmsgård in the Folketing group at Christiansborg.

A narrow majority of the executive committee of the Socialist People's Party decided, however, that the two former Left Socialist members of the Folketing were not to be given roles as spokesmen for the Socialist People's Party in conjunction with any major political policy issues.

The decision to accept the leftist MP defectors was arrived at after a long discussion. Approximately 10 members of the executive committee did not find at all that the two Left Socialist defectors should be accepted as members of the Socialist People's Party, but approximately 30 members of the executive committee supported the proposal to accept Jørgen Lenger and Anne Grete Holmsgård as members of the Socialist People's Party. The voting on whether to include the two politicians in the Folketing group of the Socialist People's Party gave a similar result. The opponents found that Left Socialist first deputies should take over the seats of the former Left Socialist members of the Folketing. The decision to deny Lenger and Holmsgård posts as spokesmen on important policy issues was made with a majority of a few votes. It was a decision contrary to the recommendation of the executive committee.

Quit Left Socialist Party

Copenhagen BERLINGSKE TIDENDE in Danish 8 Sep 86 p 2

[Text] The Left Socialist Party has not experienced any major defection of members after Anne Grete Holmsgård and Jørgen Lenger last summer took leave, slamming the door. Fifteen members have left the party, and at the most three to four of these belong to the Lenger-Holmsgård faction The Red Realists, the chairman of the reduced Left-Socialist Folketing group, Elizabeth Bruun Olesen, said recently. She finds that she is able to discern a willingness in the various party factions to seek to reach a tenable compromise on the apple of the party discord--the role of the Left Socialist Party as part of a Folketing majority to the left, if any.

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FORMER PSUC LEADER DISCUSSES POSSIBLE LEFTIST UNITY

Madrid CAMBIO 16 in Spanish 1 Sep 86 pp 28-32

[Interview with Jordi Sole Tura, former leader of the PSUC [Unified Socialist Party of Catalonia], by Carmen Segura Estruch]

[Text] Jordi Sole Tura is a professor of political law and one of the fathers of the constitution. He was a prominent member of the PSUC and promoter of the Conference of Men and Women of the Catalonian Left. He no longer belongs to any political party, but continues to believe that only a united left can oust the Pujol government and says that he would be willing to cooperate with the Socialist Party so that the left might defeat the Convergence.

[Question] Is it possible that you would join the ranks of the PSOE in the future?

[Answer] I rule out nothing until I am dead, but I have no intention of joining for the sake of joining. I will back a political plan if I believe it is important and useful. In Catalonia, for example, if that would help change things and enable the left to defeat the Convergence, then I would take that alternative.

[Question] Can we expect that at some time, you will join the Socialist Party, inasmuch as there is apparently no political plan for the unity of the left without it?

[Answer] Truly, there can be no plan for the left without the Socialist Party. On some things, I will join them, but one of the things that party has to do is to bring nonsocialists to unite behind a more general political plan.

[Question] What is your opinion of the political plan of the United Left?

[Answer] It was the only feasible outlet there was for the time being, but it will nevertheless not be easy for this coalition to recover the space lost by the communists.

[Question] Why?

[Answer] Because part of it has already been occupied by the PSOE and taking it back is not easy, apart from the fact that I believe it is good for the country in general. But the problem of the United Left is not only that, but rather, its relations with the socialists because the real struggle has to be between the right and the left.

[Question] What happened to the left in Catalonia, which went from a majority to second place? Did it allow itself to be overcome or did it let things slide?

[Answer] The right dominates on some things but not others. It wins the autonomic elections, but loses the general elections.

[Question] Agreed, but one cannot say that the left bears great weight in Catalonia.

[Answer] Because there is no valid response to the specific conditions of Catalonian political life. It is divided, lacks planning and suitable political personalities to successfully confront Jordi Pujol.

[Question] In 1984, you said that you were waiting for a leftist message from the PSUC.

[Answer] The message from the PSUC at this time is that of the unity of the left, but issuing the message from a minority is not the same as giving it from a majority. One can issue many messages, but if you lack sufficient strength to back them, then they serve no purpose. My departure from the PSUC stems from the beginning of the internal crises. I wanted to leave calmly, without any ruckus. When you belong to a party, it is not because you have made any profession of faith or any life option. You are in it because you thought it was the right thing. If, at any given moment, you think that the party is no longer with you or you are no longer in tune with the party, then the best thing to do is to leave.

[Question] And you left because you were no longer in tune with it?

[Answer] Indeed, I am no longer in tune with it, although I respect the PSUC and the PCE a great deal. I am now on sabbatical, in a time of reflection, thinking about what contribution I can make in total independence. That is what I want now. I am not in a hurry to join any political party and I may never again.

[Question] You are tired of working in a political party?

[Answer] Yes, but not totally. I have had successes and made mistakes. One's paths are not ever completely cut off because we all change. Everyone has the right to look for something new and that is what I intend to do.

[Question] You were one of the promoters of the Conference of Men and Women of the Left at which the unity of the different sectors was first proposed. What do you intend to achieve with it?

[Answer] The Conference is an opinion movement that gathers together members of the PSUC, members of other leftist parties and sympathizers with that ideology. They all have the same concern: the desire to provide a response to the nationalist majority of the Generalitat and find a place of debate to solve the current problems of the left, not only of Catalonia, but of the rest of Europe. It does not intend to take the place of any political party, although I do not rule out the possibility that in the coming municipal elections, it may have a political role in some towns if it first manages to become the rallying point of a candidacy of leftists. In Barcelona, naturally, this will not occur.

[Question] Then it is going directly after a candidacy of leftist groups?

[Answer] No, I do not think that that is the precise intention. I spoke of the need for the unity of the left in order to defeat the Convergence nationalism. That is the main task, but this does not mean that one has necessarily to go toward a unified candidacy of the left representing the major and minor parties of that tendency. They will all go into the elections with their own banners, but beyond that, they will have to make it clear whether or not they later intend to join the Convergencia i Unio because if they do not unite, there will be no leftist majority.

[Question] Is the Catalonian left too weak to win?

[Answer] Weak, no, but it is divided.

[Question] Out of synch?

[Answer] Not exactly that either. There are new problems in Catalonia that the left, not only the Catalonian left, but that of the rest of Europe, has not understood clearly.

[Question] What are they?

[Answer] The impact of the new technologies, the social structure, the role of the political parties at a time of development of the mass media, the execution of a national policy and its international implications, and so on.

[Question] But that is a problem of the future and not the immediate present.

[Answer] Yes, but our future is already affecting the present. We have a big problem in Spain: We have come to democracy later than the other countries. We scarcely know our parties. Only the presidential candidate is interviewed, while the 350 congressional deputies are absolutely unknown. Our society is barely organized. When the people have a problem, they go to the government, which is normally far from the idea and the solution.

[Question] In dealing with the topic of government organization, I recall one of your phrases: "In Spain, we have a system of semi-presidentialist autonomies." Is that true of the Catalonian left?

[Answer] In the case of our autonomies, we can speak of semi-presidentialist systems because we have heads of government who are at the same time chiefs of state elected directly as such and responsible within a parliamentary system. If one examines things closely, our system of autonomies is a group of republics within a monarchy. In Catalonia, the president of the Generalitat is also president of the Executive Branch. With this system, it is very difficult to require political responsibilities and have a constructive motion of censorship, which always needs an alternative candidate to overthrow the president. If the opposition is not homogeneous, it is difficult for a candidate to emerge to eliminate him.

[Question] We could then speak of a unified candidacy of the left in order to nominate a candidate for president of the Generalitat.

[Answer] That is true. We will have to come to that and there are many ways of doing it. One of them would be for the leftist parties, before the elections, to manifest their support for a specific candidate for president of the Generalitat representing the left. Another would be to combine the votes of the leftist parties and, if they form a majority, to propose a candidate.

[Question] Could you tell me what the phrase,"The Catalonian left is a country of the blind," which you recently said, means?

[Answer] I never said that. Nevertheless, the Catalonian left has enormous difficulties in finding a real alternative to "Pujolism." As long as the left does not overcome that situation, we are doomed to a nationalist majority in the autonomic elections. That is the problem. The rest is of no importance.

[Question] Do you believe that the Catalonian vanguard left, if it exists, just cannot come together?

[Answer] If, by "vanguard," you mean the one that now has the greatest acceptance, then today that vanguard is the Socialist Party. If we consider it to mean the one in possession of the boldest proposals, of the newest elements, which by virtue of that fact convinces the people that that is what is best and therefore takes the lead, then that intellectual, doctrinal, political vanguard does not now exist in Catalonia. What one now has is a lack of theoretical reflection and obviously, political proposals.

[Question] How do you view the possibilities of the left in the municipalities?

[Answer] They are good, although it will have problems, more than it had in 1982, 6 months after the greatest socialist victory in history. At that time, it still had the thrust brought about by the socialist victory in most of the big Catalonian cities. Despite the fact that in recent elections, the PSOE has been the party with the most votes, it has dropped in votes, while the Convergents have gained. On the whole, the left has lost votes in the last general elections. This means that it is more necessary than ever for the left to become aware of the need for substantial agreements within itself.

[Question] The fact that the socialists can figure as a parliamentary group in the Chamber of Deputies might then have important repercussions in Catalonia?

[Answer] I do not believe so. Perhaps it will have a greater repercussion on the outside, in the sense that it will demonstrate that there is no longer a single Catalonian parliamentary group such as Convergencia i Unio. But from the standpoint of the parliamentary mechanics of the Cortes, this changes nothing, because groups with those characteristics do no more than announce or repeat what has been said by the PSOE. At least, that was the experience I had when I was a deputy.

[Question] Is mentioning now, in such a continuous, eloquent fashion, the Catalonian national nature of the left not an excuse for taking back Catalonians who vote for the Convergence only for that reason?

[Answer] The Catalonian national nature is that for a concrete reason: Catalonia is a nationality, as recognized by the Statute of Autonomy of Catalonia, based on the constitution. Consequently, all the parties active in this autonomous community have this Catalonian national character. That is one thing and a nationalist-type proposal is something else, although I am not sure that the Convergence is a truly nationalist party.

[Question] Why not?

[Answer] Because it is an inward-looking nationalism, but outwardly, it is something else. In Catalonia, one talks one way and outside, another.

[Question] You are speaking specifically of "Operacion Roca"?

[Answer] Yes. That operation was an attempt to govern Spain.

[Question] And the PSOE?

[Answer] Also, but the PSOE does not hide it. It is a problem that has been completely clear from the very beginning, while the Convergence never speaks here of Spain, but rather, of the Spanish Government, and then tries to make Spain in another way. It uses two visions of the problem, two different ways of focusing politics, two different languages, depending on whether it is inside or outside of Catalonia. That is why I question its nationalist nature.

[Question] Whatever the case, could the nationalism of the Convergencia i Unio, with that double language, lead us to pro-independence?

[Answer] It is true that the ambiguity characteristic of that nationalism, that language and that purpose releases energies that could lead to that path. The problem of the nationalism of the Convergence is that it continues to relate everything to the outside enemy, in this case, the PSOE. Everything is its fault and consequently, the only representative of Catalonia, based on that theory, is Jordi Pujol and the government of the Generalitat confronting that adversary that attacks us all. An internal logic then emerges: If everything that goes wrong can be blamed on the outside, then the best thing is to become independent. But I do not believe this will happen, because there is not and has never been a strong pro-independence sentiment in Catalonia.

[Question] How do you, who said you were against the economic policy of the Socialist Party and entry into NATO, see your personal situation, considering that the unity of the left depends on the PSOE?

[Answer] I opposed membership in NATO because I believe that international politics at this time affects us enormously and I think one has to have some room to maneuver so that the logic of the blocs will begin to break down. The elections provided a majority opinion in favor of the real situation of membership in NATO. For me, consequently, that is a point already resolved and based on that, one has to begin to work in terms of the new situation.

[Question] How do you evaluate the round of talks held by Rafael Ribo, secretary general of the PSUC?

[Answer] I think it is fine, but the problem is that in Catalonia, it is more difficult to define a communist space than in the rest of Spain.

[Question] Then today, we have no room for Catalonian communism?

[Answer] Yes, there is space, but winning it back is very difficult. If the communists plan their main attack on the socialists in order to take back territory, they are playing into the hands of the Convergence. Here the communists and socialist are in opposition to one another, for which reason it is more difficult to rebuild the communist space.

[Question] In your opinion, is Rafael Ribo a leader?

[Answer] Today, being a leader depends on the strength that one has in votes and proposals.

[Question] Are the current Catalonian politicians truly leaders?

[Answer] There is no leader in Catalonia with the popularity of Pujol.

[Question] Has Catalonia lost leaders or something more?

[Answer] At the present time, as a community, Catalonia has lost strength and the ability to attract followers throughout Spain. Under Franco, Catalonia was like an island, a European, liberal, anti-Franco zone. It was somewhat of a beacon and there was always an explicit will to connect the political struggle of Catalonia with that of Spain. Now, with the democracy, we have entered Europe and Catalonia today, with the Convergence government, has gradually closed in on itself politically speaking and has little to offer, because our economy is no more developed, we do not have any more ability to attract foreign capital or any more intellectual concern.

[Question] Is Spain moving toward a federal state?

[Answer] It should, but it is not clear that it will. We have a state of autonomies, with a very uneven and inadequate degree of development, with an administration difficult to decentralize and an unresolved problem of financial resources. Consequently, we run the risk of going only halfway, and that would be one of the great dramas of our political process. But the constitution does provide enough room for Spain to function as a federal state, even if it is not.

11,464
CSO: 3548/82

POLL SHOWS CONSERVATIVE PARTY NOW LEADS AMONG NONSOCIALISTS

Stockholm DAGENS NYHETER in Swedish 8 Sep 86 p 12

[Unattributed article: "First Post-Summer SIFO Report: Nonsocialists Lead"; first paragraph is DAGENS NYHETER introduction]

[Text] One year after the last election the nonsocialist opposition has passed the socialist bloc and now barely leads by 49.5 percent against 48.5.

The Conservative Party has moved ahead, and is now larger than the Liberal Party. The Center Party lost some ground, as did VPK [Communist Left Party], which now has come in under the important four percent limit.

This was shown by the first post-summer SIFO [Swedish Institute for Public Opinion Research] poll. Between 20 August and 2 September 2,610 people were interviewed about their voting preferences.

This is what the parties' figures looked like. The figures in parentheses are the changes from the June poll:

Party	Percent	Change Since June
Social Democrat	45	(-0.5)
VPK	3.5	(-1.0)
Conservative	20	(+3.0)
Liberal	19	(+0.5)
Middle	10.5	(-2.0)
Of which Center Party is	9	(-1.5)
Of which Christian Dems. are	1.5	(-0.5)

The nonsocialist parties were greater than the Social Democrats and VPK were at the beginning of the year, according to SIFO. Thereafter the socialist block led, but with the smallest possible margin in June--48.5 percent against 48.

The rise for the Conservatives was statistically certain, as was the decline for the Center Party. The changes for the Social Democratic Party, VPK and the Liberal Party, however, are so small that they cannot be considered statistically guaranteed.

Honeymoon Over

The Conservatives' departing party secretary Georg Danell said in a commentary:

"The significant result of Sunday's SIFO poll is the dominance of the nonsocialist bloc. That confirms that the Social Democrats' honeymoon following the murder of Olof Palme is now over, and that the nonsocialist parties are on their way to strengthening their positions."

The party secretary of the Center Party, Gosta Johansson, had this to say about his party's minus figure:

"The Center Party has prospects for continued stabilization and improvement in public opinion during the autumn. But today's minus figure from SIFO, which shows a break in the previous series of plus figures, shows that both fixity of purpose and staying power are needed to lift the party."

Do Not Vote

It is worth noting from the SIFO poll that as many as 7.5 percent of those asked said that they have no favorite party or that they do not vote. That is a clear increase compared with the last poll.

9287
CSO: 3650/309

VPK PARTY PROGRAM DRAFT CAUTIOUS ON SOCIALIST SOCIETY

Dialogue With Socialists Stressed

Stockholm DAGENS NYHETER in Swedish 12 Sep 86 p 12

[Article by Ake Ekdahl: "Draft of New Platform: VPK Like S With Spark"; first paragraph is DAGENS NYHETER introduction]

[Text] As the relative strengths in Sweden appear today, a socialist society is a long range goal. A partial goal is to give the expression "socialist bloc" some real political meaning. This careful view of the transformation of a socialist society is recommended in a draft of the new VPK [Communist Left Party] party platform, written mainly by MP Jorn Svensson.

It has surely been several years since VPK spoke openly about revolutionary plans for Sweden, but now the party is emphasizing the importance of revolution not being synonymous with general violence, scheming coups d'etat or power struggles between political groups.

The social revolution is a democratic process. In Sweden it is possible by legal and constitutional means to change society, it says in the party platform.

Radical Reform

VPK is trying to appear as reformist as the Social Democrats, but wants to be a more radical force with more spark of life, they claim. A socialist conversion of society, it says, can only be carried out with the concurrence of the freely manifested will of the people.

Both here at home and internationally VPK will, according to its new platform, actively work for expanded cooperation within the total labor movement. VPK will create a new relationship between the labor parties and the union organizations within capitalist West Europe. A dialogue between communist, socialist and social democrat parties must begin. The opponent is unified, says the VPK.

The idea is to develop the independence of West Europe toward the United States, and thereby contribute to the reduction of tensions between the military blocs.

If the Social Democrats tell VPK that an activation of its radical ideas is necessary, a political change of course must take place in order not to weaken the entire labor movement.

The strategic task of the VPK will be to weaken the "power position of the ruling elite." At the same time the working class will win the power of determination over certain of the functions which are today in the hands of the ruling elite.

VPK will save small businesses from the capitalistic yoke. Small business today, according to VPK, is allowed by its dissatisfaction to be led in a reactionary direction. They are allowing themselves to be used in the interests of big capital, and duped into being the support troops for an economic elite which is really their enemy, says the VPK.

'Less For Environment Than For Trips'

The amount in the national budget for saving the environment is less than the amount for Riksdag members and their trips, confirmed the environmental party The Greens in a report.

The Ministry of Agriculture, which is responsible for environmental affairs, will get 163 million kronor for direct measures against air pollution and acid rain. That is about 7 ore per person per day to fight pollution. To pay for trips abroad by members of the Riksdag and party groups there is 163.18 million kronor in the budget--therefore more.

Fight Over Women's Issues

Stockholm DAGENS NYHETER in Swedish 6 Sep 86 p 6

[Unattributed article: "Women's Conflict in VPK Still Unsolved"]

[Text] The Executive Committee of VPK has not succeeded in solving the sharp conflict about women in the party's Women's Committee. The committee is VPK's equivalent to other parties' Women's Associations. The Executive Committee tried to increase the number of Women's Committee members in order to make a place for a representative from Stockholm. When the Executive Committee recently selected the nominated Karen Mansson, 16 of the members of the Executive Committee protested. At the same time 13 voted for Mansson, who was previously kicked out of the committee following an internal disturbance. Member of the Executive Committee Lennart Beijer of Kalmar believes that Mansson belongs to a clique which can damage the party, and is therefore not worthy of cooperation.

9287
CSO: 3650/309

TRADE GROUP CHIEF SKEPTICAL OF EUREKA, HITS EC SUBSIDY POLICY

West Berlin TAGESSPIEGEL in German 26 August 86 p 15

[Article: "Otto Wolff Criticizes Technological Funding--Competing Subsidies in the Common Market--Further Skepticism Regarding Eureka"]

[Text] The president of the German Industrial and Trade Congress, Otto Wolff of Amerongen, has sharply criticized technological funding in the EC. The subsidies in this area are excessive, according to Wolff in the Austrian Alpach. The EC funding activism supposedly competes with corresponding national projects but also with projects such as Eureka.

The EC subsidy policy supposedly is being grafted onto national subsidies and is mixing everything up, according to Wolff. An individual entrepreneur supposedly can no longer plan and invest without worry, since he would be constantly plagued by the interior misgiving that he was missing some subsidy possibility from the many troughs. According to Wolff's words, the "Brussel's program acrobats" now even want to set up "subsidy counters." The system supposedly has got out of control and annually creates new financial problems. Wolff confirmed his skeptical attitude towards the European research collaboration Eureka. The entrepreneur supposedly had an understandable self-interest in many participatory objects. He questions whether perhaps the horse is not being led to water here. He also doubts the sense of a European industrial policy since the French can sell their locomotives more easily in China than to the German Federal Railway, while a German electrical concern supposedly can sell his telephone systems everywhere in the world except to the French Post Office.

According to Wolff, the keyword "Eurosclerosis" is a meaningless verbal casing. Studies show that the European share in the export of peak technologies fell from 38 to 29 percent from 1972 to 1984, while the Japanese and the Americans were busily at work. But these studies cannot be sustained. The broader the area of high technology is conceived, the more favorable would the competitive position of the Europeans appear. Technological weakness supposedly cannot be pinned to the market share for microchips, 85 percent of which falls to Japan and the U.S.A.

8348/12828
CSO: 3620/809

CARMAKERS FACE GROWING THREAT FROM JAPANESE IMPORTS

Hamburg DIE ZEIT in German 5 Sept 86 p 17

[Article by Heinz Bluethmann: "Successes in Autobahn-Land (the Land of the Superhighway)"]

[Text] The German automobile industry must expect still stiffer competition from the Japanese.

Do the Japanese really build better, more economical cars - contrary to the opinion of nearly all testers in this country, although surely many of them may be prejudiced? Or are the Japanese more skillful than their German colleagues in the art of selling? What is certain is: The Far East competitors of Volkswagen, Opel, and Ford must have perfected something important in this business to a higher degree; otherwise, they would not have been so successful during the last 10 years in the German market, presumably the most difficult market in the world.

From 1976 until today, the Japanese passenger car manufacturers multiplied their share of new dealerships by a factor of 8, from barely 2 to about 15 percent - about as much as Opel combines for itself, numerically the second largest German brand. And there is no reason to assume that this already represents their final goal - on the contrary: The Japanese continue to accelerate mightily. During the first 7 months, they created a plus of 30 percent, while new dealerships altogether (see page 24) increased only half as much.

Does everything, then, indicate a continuation of the Japanese record run? Will every fifth new car soon come from the "Land of Toyota"? Especially two arguments speak in favor of this: First of all, the strong upwards valuation of the yen compared to the American dollar has worsened the sales opportunities of the Japanese in the United States. Toyota, Mazda, Nissan & Co., therefore are directing more cars towards the European countries. And most of them will land in the Federal Republic, since other major countries of the Old World long ago erected barriers against Japanese autos. For years, the British have permitted a maximum of 11 percent market share, the protectionist French all of 3 percent, and the crazy Italians only 2500 cars per year. Secondly, the Far East producers place the greatest value on sales successes in Germany. For these can be marketed best of all in other countries, even at home: "Land of the Superhighway", home of BMW and Mercedes which are so popular in Japan, is said to be the residence of the most demanding customers, who always drive at full throttle.

However, even now the European community has protested in Tokyo against increasing auto imports - at any rate during the first half year 41 percent more vehicles arrived, namely 560,000 units. Therefore the Japanese are pursuing a double strategy: As much as possible is exported from domestic factories, but at the same time product support points are built up in the Old and New Worlds. In this way, the argument that Japan is expanding at home without regard for jobs in the sales country can be effectively deprived of its point, and at the same time deliveries can be made in circumvention of import barriers.

The Japanese auto manufacturers are far from having had enough - the German manufacturers, and in the medium term even the aristocratic firms BMW and Daimler-Benz, have to accept this. Toyota has just presented the first 50,000 Mark sportscar on the market here, and others will follow. The yen has been evaluated upwards by about 10 percent as compared to the German mark; nevertheless, in the Golf class the companies in the Far East have been able since the beginning of the year to underbid the VW price by several thousands. The fact that Volkswagen cannot earn a good profit even now with its high prices surely must cause all the alarm lights to light up in Wolfsburg.

8348/12828
CSO: 3620/809

MACHINERY PRODUCERS FEEL SLOWDOWN AFTER TWO-YEAR BOOM

West Berlin TAGESSPIEGEL in German 22 Aug 86 p 13

[Article by Tsp: "FRG Machine - Building Industry Shows Reductions-- A Decline Now Prevails Especially in Foreign Orders--Substantially More Employees in the Wema Area"]

[Text] After two boom years, especially also in export, the German machine construction industry is now getting ready for lower growth rates. Dr Eng Otto H. Schiele, president of the Association of German Machine and Systems Constructors (VDMA), in a press conference in Berlin, presented figures for the first half year of 1986, which indicated that especially the foreign business is responsible for this. Domestic orders for German machine construction still increased by 5 (nominal 9) percent during the first 6 months, while foreign orders represented a real minus of 12 (nominal 9) percent. As a consequence, the results of the previous year were missed by a total of 5 percent real or 2 percent nominal.

However, orders still exceeded production, so that the order cushion now extends to 6.5 months (first half year of 1985: 6.2). Therefore Schiele is evaluating the situation as a normalization. Capacity utilization is at 88.8 (88.4) percent, decidedly high compared to other years. In terms of invoices, sales also increased nominally by 1 percent to DM 77.7 (76.7) billion. In real terms this implies a minus of 2 percent. Invoiced exports increased by 7 percent to DM 47.0 (44.0) billion, but these do not yet show the changed development. The production increase by 9 percent clearly shows that the branch is working at full steam. According to Schiele, the sharp rise in delivery times partly implies factors which really impede competition. An attempt is being made to control this by high investments as well as by new approaches - Schiele expects an increase of another real 17 percent this year. Already in 1985, the number of employees was increased by 43,000 persons, but during the first 6 months the branch continued to increase employment, so that by the middle of 1986 2.067 (1.018) million employees were recorded. It is supposedly very difficult to find technical personnel.

From abroad, contracts from the oil-producing developing countries but also from Australia and South Africa flowed more sparsely. Hopes for a vitalization of the USSR business after the radification of the new 5-year plan up to now have been quite deceptive. The collapse of oil prices and the effects of Chernobyl evidently clearly restricted the commercial freedom of movement of the Soviet Union. In 1985, China purchased 200 percent more Federal German machines than in the previous year. But now it is proceeding more gingerly. In the United States, there was a growth of only 11 percent during the first 6 months of 1986. The growth rates are becoming flatter and flatter, where it is less the dollar exchange rate than the declining willingness to invest in the United States that is responsible for this. On the other hand, export to western Europe has had a positive development, especially to France.

Reinhard Lange, chairman of the Economic Association of Iron, Machine, and Apparatus Construction e.V., Berlin, declared that the situation of Berlin machine construction has further stabilized. In machine construction as well as in fine mechanics and optics, one continues to expect a good business. On the other hand, contracts declined in the iron, plate, and metals industry and in nonferrous metal processing. During the first half year, customer sales in the Wema area increased by about 8 percent to DM 4.5 billion. The number of employees by the middle of the year was about 49,500, about 3 percent or 1400 people higher than at the beginning of the year. Lange expects a favorable business situation to continue.

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CSO: 3620/809

ECONOMIC FINLAND

TRADE MINISTER LAINE: U.S. PROTECTIONISM THREATENS EXPORTS

Helsinki HELSINGIN SANOMAT in Finnish 23 Aug 86 p 30

[Article: "Minister Jermu Laine: Protectionism Threatens Finland's Exports to USA"]

[Text] The attempts to protect U.S. industry are clearly threatening Finnish exporters for the first time, stated Foreign Trade Minister Jermu Laine on Friday in Lahti. He was referring to a law being considered in the United States which would prevent Finland's shipbuilding industry from selling ships or even significant portions of them in the United States.

The restriction would have a significant impact on Wartsila, whose share of diesel motors for ships in the country is 60 percent.

"What sense does it make to reject products of the Finnish shipbuilding industry when we do not limit imports of American machinery," asked Minister Laine at the U.S. Trade Seminar, which was organized by Lahti's Finland-American Society, the Foreign Trade Association, and the Finnish-American Chamber of Commerce.

Minister Laine suspected that difficulties in certain areas, the trade deficit, and the approaching elections have caused a conflict between words and practice. "President Reagan supports a free market economy in public statements, but protectionist bills are coming out of congress in a steady stream".

"So far we have not felt these protectionist aspirations in Finland. The continually growing trade deficit in the United States and the deterioration of the competitiveness of American firms connected with the exchange rate development of the dollar are, however, increasing protectionist pressures in the USA," said Laine.

Minister Laine guessed that the round of GATT talks beginning in September will be extremely difficult and exceptional. The emphasis will no longer be on reducing tariffs, but on eliminating trade restrictions, including services, and increasing GATT's authority.

Protectionist pressures are apparent in various areas, and at the same time there is a need for growth, which can only be maintained by free foreign trade, points out Laine.

"Because of ground work, U.S. trade has permanently grown to the present level of 5 billion markkaa, but we do not know whether last year's 900-million markka surplus is accidental or a permanent phenomenon," said Laine.

According to Minister Laine, Finland should make an effort to reach the level of other Nordic countries in exports to the United States. He pointed out that, for example, Sweden's total exports is four times that of ours and its structure is sufficiently diversified so that it is not as sensitive to price fluctuations as is Finland's exports, which are based on timber.

Laine saw room for diversification in metals and furniture, for example.

Finnish firms have found and conquered the United States as a country of affiliates in the 1980s. Investments increased to 700 million markkaa last year already according to Laine. According to Laine, it is not a question of any kind of accidental surge, but the United States has become the second most important investment country for Finnish firms after Sweden. There are 211 affiliates in the country already.

10576
CSO: 3617/165

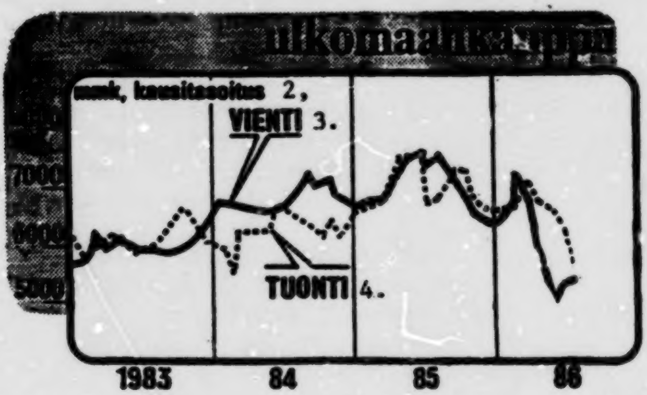
EXPORTS REGISTER FIRST RISE SINCE EARLY IN YEAR

Helsinki HELSINGIN SANOMAT in Finnish 30 Aug 86 p 34

[Article by Kristiina Ritvos: "Exports Finally Accelerate"]

[Text] Foreign trade gathered considerable strength in July after its sluggish performance in the beginning of the year. According to customs statistics, exports rose to the highest figure of the year or a full 7 billion markkaa. The credit belongs primarily to the very successful forest industry transactions, which also achieved the year's top figures.

Even imports picked up and reached a level of 6.7 billion. Thus July raised the trade surplus from the beginning of the year to nearly 2 billion markkaa.



Key:

1. Foreign trade
2. Exports
3. Millions of markkaa, seasonal adjustment
4. Imports

Compared to a year ago exports as well as imports were a percentage point less. July of last year, however, was one of the year's best export months.

The stimulation of exports was needed especially in the forest industry, in which there was growth throughout all of July. Forest industry exports increased 8 percent.

The paper business grew 2 months in a row, this time by 4 percent. Exports of the paper industry were also impressive or 2.3 billion markkaa.

Lumber exports increased by one-fourth and plywood was the primary impetus behind this increase.

The forest industry continued to remain below last year's figures for the first part of the current year with 8 percent for the paper industry and 6 percent for the lumber industry. Exports in this area for the whole year will remain slightly less than last year.

Exports in the metal industry were less than last year in July as well as in the entire first half of the year.

The export figures for basic metals are whittled down by the downturn in prices while other metals were affected by the poor export performance in the marketing of ships and other metals. However, there are also pluses in metal exports. Auto exports are flourishing and are one-third more than last year for the first part of the current year. Exports of paper machinery, various electrical machines, and electronics, among other things, grew in July.

It is expected that export figures will improve in the future not only for economic reasons but also for the reason that the period of comparison or the end of the last year was weak with respect to exports.

The growth of exports to the USSR will probably accelerate at the end of the year. So far exports to the USSR have decreased this year by nearly one-fifth. Imports from there are one-third less. The problematic surplus increased a full half billion in July or to 2.2 billion markkaa.

Cheap crude oil is keeping import figures at a moderate level. Oil imports in the beginning of the year have been only half of what they were a year ago and will probably not change for the remainder of the year.

Imports of Capital Investment Goods Increasing

Other exports, on the other hand, are increasing. Purchases of investment goods increased a full 40 percent in July and raised their imports to the growth side since the beginning of the year. Procurements of transport vehicles in particular, but also of equipment for machinery, increased.

Imports of economically sensitive consumer goods are also increasing at a stable rate (24 percent in July). Clothing and so-called durable consumer goods were purchased during the summer vacations. The largest growth since the beginning of the year is in imports of automobiles, of which one-fourth more than last year have been purchased.

10576
CSO: 3617/165

UNEMPLOYMENT FIGURES SHOW SUDDEN, UNEXPECTED INCREASE

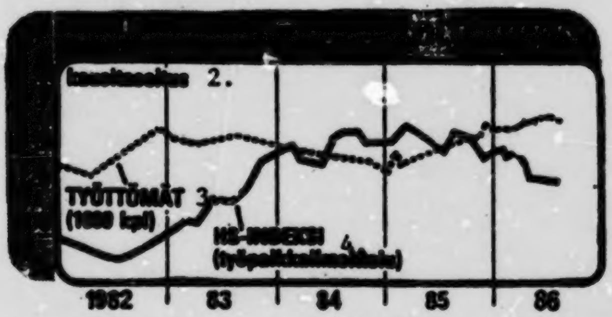
Helsinki HELSINGIN SANOMAT in Finnish 30 Aug 86 pp 3, 30

[Article by Kristiina Ritvos: "Actual Number of Unemployed Increased to 212,000 People"]

[Text] A record number of Finns will be out of work next winter. In the budget draft compiled by the Finance Ministry it is predicted that unemployment will worsen by year's end and increase to about 185,000 people.

There were 15,000 less unemployed in July of last year.

Unemployment has increased, particularly in the southern sections of the country. It has had a particular impact in industry and construction according to the statistics of the Labor Ministry.



Even taking seasonal adjustments into account, unemployment has clearly increased. Job ads usually decrease prior to an increase in unemployment.

Key:

1. Unemployment	3. Unemployed (in thousands)
2. Seasonal adjustment	4. HELSINGIN SANOMAT Index (Job advertisements)

The figure for July becomes worse if unemployed pensioners are included in it. At the and of July there were more than 62,000 of them already, or total unemployment was more than 212,000.

The figure has nearly doubled in comparison with the darkest years of unemployment in the 1970s. At that time there was talk about a national emergency.

Since the end of the 1970s the Labor Ministry has eliminated unemployed pensioners from its statistics. The Statistical Center, from which the Labor Ministry obtains unemployment figures for its forecasts, on the other hand, includes pensioners in its own tables.

Unemployment Worsening Toward Record Figures

Unemployment has worsened at a surprisingly rapid rate over the summer. Figures published by the Labor Ministry on Friday indicate 150,000 unemployed already, which is 15,000 more than a year ago.

The development of unemployment appears gloomy for the future also, and record unemployment figures for the decade are expected in the coming winter.

It is no doubt evident that unemployment will become one of the primary concerns of economic policy in the fall and that previous forecasts will once again have to be revised in a a more negative direction.

There are definite signs of an economic trend in the worsening unemployment picture. HELSINGIN SANOMAT-index also predicts that this development will continue.

The number of people on temporary lay-off was exceptional in June and there were more of them in July. There were nearly 20,000 on temporary lay-off at the end of June. July was, indeed, the year's worst month with respect to temporary lay-offs.

Unemployment has also clearly worsened the most in Southern Finland and in the areas of industry and construction. In reality, the worsening situation has become visible in the unemployment offices, which have handled a full 20,000 more people than a year ago in July alone. It is doubtful that all were there because of the increase in unemployment security benefits. At the same time, there were fewer job openings.

The unemployment figures have, in part, been increased by the fact that this year fewer employment measures were taken than a year ago.

In any case, the problem groups or youth and long-term unemployed also continued to grow this year. The number of unemployed youth or individuals under 25 reached 38,500 already at the end of July. Long-term unemployed or those without work for more than a year, for their part, numbered nearly 15,000.

Pensioners Not Included in Unemployment Figures

The swelling of the ranks of problem groups has certainly caused a headache at the government level also since it was the government which promised to keep unemployment in check.

The rapidly growing group of unemployed pensioners is gradually being eliminated from the official unemployment figures also. They are no longer included in the Labor Ministry's monthly unemployment figures, their number has, indeed, only been announced as a separate statistic.

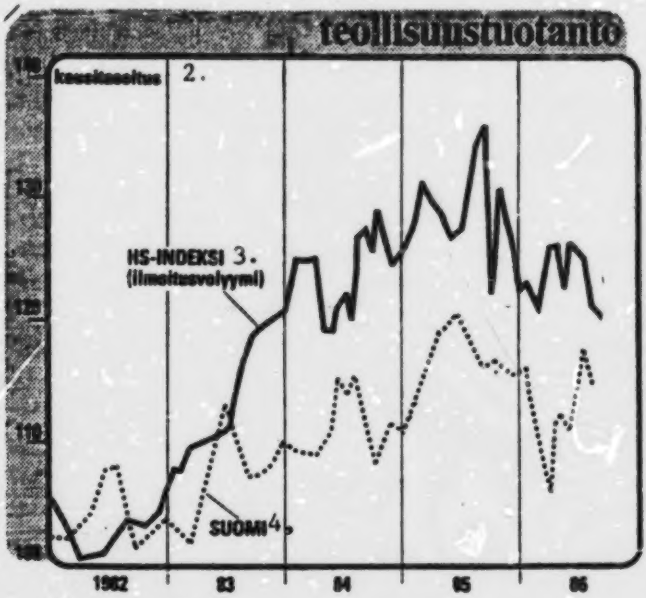
There were more than 62,000 unemployed pensioners already at the end of July or 11,000 more than a year ago at the same time.

The official unemployment figures for the first half of the year obtained by interviewing the Statistical Center show an average of 187,000 unemployed or 7.2 percent of the labor force. If unemployed pensioners are excluded from this figure, the unemployment rate can be lowered by a full percentage point.

The Statistical Center continually achieves smaller figures for the regular unemployed as well as for unemployed pensioners, which causes confusion. The disparity is difficult to explain since, in principle, more people including the hidden unemployed, among others, should be caught in the Statistical Center's net.

Production Bottomed Out in First Half of Year

Industrial production remained far below expectations in the first half of the year, and production was 1.7 percent less than a year ago for the whole first part of the year according to the Statistical Center.



Key:

1. Industrial production
2. Seasonal adjustment
3. HELSINGIN SANOMAT-Index (volume of job ads)
4. Finland

The degree of poverty was, indeed, alleviated in June, and daily production was only slightly less than a year ago. The seasonally adjusted production curve has already taken an upward turn and promises to be better than the expected upswing. Job advertisements in HELSINGIN SANOMAT have likewise levelled out in recent months.

Industry's own economic barometer this summer was surprisingly hopeful with respect to development for the remainder of the year. Even though the improvement can be attributed to the aftermath of the strike, particularly in the construction industry, a definite improvement can be expected in the forest industry at the end of the year. Indeed, this sector itself will not underwrite the Finance Ministry's view of an outright "boom", however, it can be expected that the worst of the recession is now behind us.

And since we were, apparently, at the bottom, the growth figures for the forest and metal industries went in separate directions in the period from January through June. The forest industry, which maintained its lead in the markets, succeeded better in the second quarter of the year than in the first few months. Production in the forest industry for the period from January through June remained at 4 percent less than in the same period last year. Lumber production decreased by 2 percent, paper by 5 percent.

The forest industry is expecting enough of a spurt that production for the whole year will, for the most part, reach last year's level.

The second quarter of the year was weaker than the first quarter for the metal industry according to the Statistical Center. However, the period from January through June showed a small growth of 0.3 percent. An outright deterioration is no longer expected even in this area, but the remainder of the year is being described as bleak.

The growth areas in metals at the beginning of the year were the electrical engineering industry (+12 percent) and metal products (+4 percent). The production of machinery, on the other hand, decreased approximately 5 percent. The manufacture of motor vehicles was also 4 percent less than a year ago even though growing auto production balanced out the slump in shipbuilding.

Areas of growth in the first part of the year included the chemical industry (+5 percent) and the production of chemicals, which increased only slightly and generally follows in the wake of the paper manufacturers.

Tobacco, beverages, and shoes were the only areas in the production of consumer goods to register an increase. Textiles as well as clothing showed a decline.

10576
CSO: 3617/165

DETAILS OF 1987 STATE BUDGET RELEASED

Paris LIBERATION in French 16 Sep 86 p 9

[Text] State expenditures will total 1,053.9 billion francs next year for an increase of 1.8 percent, or slightly less than the expected rate of inflation (2 percent). To finance those expenditures, the state will have 925.3 billion francs in tax revenues (up 4 percent over 1986). That leaves a deficit of 128.6 billion francs, or 16.7 billion francs less than in the original budget for 1986. According to the government, that reduction in the deficit is the result of "unprecedented" cutbacks in government spending. Actually, the real situation is less painful than that.

In 1987 the government will have a novel source of revenue: its income from the privatizations, which will provide up to 15 billion francs in financing for expenditures formerly included in the state budget (the appropriation of capital to state-owned enterprises and the indemnification of stockholders in the banks and firms nationalized by the Left). That debudgeting explains most of the reduction in the budget deficit.

It will also be noted that the 27 billion francs in tax relief that will be granted to households and businesses next year will not prevent the state's tax revenues from increasing by 4 percent--that is, two times faster than inflation.

Explanation: thanks to the improvement in the economic situation, the tax yield is improving considerably. And it is that favorable factor which is allowing the government to be so generous in lowering taxes next year.

Expenditures

Defense

Defense (169.2 billion francs) will absorb nearly 60 percent of the new measures included in the draft budget (11 billion francs out of every 19 billion). Excluding pensions, military expenditures will rise by 6.9 percent. For the first time in 20 years, the equipment budget is higher than the operating budget. Even so, 1,000 new positions for auxiliary gendarmes are being provided for in the operating budget.

Security

The budget for the Ministry of Interior (57.4 billion francs) is up by [figure illegible] percent, while the Ministy of Justice will get 13.3 billion francs. Over 1 billion additional francs are being allocated to security, resulting in the creation of 1,367 jobs in the National Police. In the prison administration, 2,491 new places for prisoners will be possible "thanks" to the creation of 1,100 new jobs. Lastly, 250 million francs will be allocated to the interministerial mission for combating drug addiction.

Employment and Vocational Training

Activities in support of employment and vocational training are being allocated 71 billion francs for an increase of 8.15 percent. Of that total, 22.3 billion francs will be used for vocational training.

Overseas Territories and Departments

The budget for the TOM-DOM [Overseas Territories and Departments] alone is increasing by more than one-fourth in comparison with 1986 to a total of 1.7 billion francs. Credits are being provided under the program law relative to the economic and social development of the TOM-DOM, and the activities begun in 1986 to benefit New Caledonia are being continued.

Research

Credits for all sectors of research combined total 81 billion francs for an increase of 3.7 [as published]. But that overall amount conceals a sharp decrease in credits allocated to civilian research. With its structure unchanged, the research budget is down by 6 percent--in the case of government employees, 19,102 positions are being eliminated in categories C and D, and 447 are being eliminated in category A. The reduction in category A will affect primarily the following ministries: National Education, Defense, Posts and Telecommunications, Equipment and Housing, and Economy and Finance. In addition, pay increases next year will be held strictly to what is necessary for maintaining the purchasing power of the employees.

Industry

Credits for industry will fall to 35.3 billion francs--a 10-percent drop in current francs. Capital appropriations to state-owned firms will drop by 26 percent. Aid for private firms in difficulty will be reduced by half. On the other hand, aid for electronics and data processing is being increased, as are credits for industrial conversion (mainly for the benefit of shipyards).

Revenues

Taxes on Households

Carefully trimmed tax revenues and tax relief amounting to nearly 27 billion francs--that is the big news in the 1987 budget. But for households, the net effect will be unchanged. Their 15 billion francs in tax relief will barely be enough to offset the additional contributions they will have to pay next year to help bail out social security (see page 10 [not included]).

Single individuals should also have a rough time of it--especially those on low incomes! When it comes down to it, the special deductions and exemptions allowed for those at the low end of the income scale to "offset" elimination of the tax on large fortunes are being granted only to families, which in 1987 will benefit from the "low-income deduction" previously granted only to single individuals. Two million families which otherwise would be liable for less than 2,200 francs in tax will in fact pay no tax at all. All those owing less than 4,400 francs will get a reduction equal to the difference between that ceiling amount and the theoretical amount of their taxes. Some 1.8 million tax households should therefore see an average drop of 30 percent in their tax liability (cost: 4 billion francs).

Also for families only: an additional half of one deduction for dependent children can be taken by families with more than four children (260 million francs). And families with five or more children will be exempt from the auto license fee.

And again for families: deductions for child care are being doubled. It will be possible to deduct up to 10,000 francs from payments to one's baby-sitter in 1987 (300 million francs).

On the other hand, single individuals will find a 3,000-franc limit placed on the exemption corresponding to their second deduction for dependents if they are living with children or single parents (100 million francs).

In the case of people with high incomes, the tax on large fortunes is being eliminated (4 billion francs), and the maximum tax rate is being reduced from 65 percent to 58 percent (1.5 billion francs).

In a move favoring "the handing down of firms" to one's heirs--but also favoring evasion of the tax on large inheritances--the inter vivos division of property among one's heirs is being restored (with an allowance of 25 percent if the donor is under 65 years of age and of 15 percent if the donor is between 65 and 75 years of age) (100 million francs).

Purchasers of new buildings for rental purposes will now be able to deduct 10 percent of the building's cost price instead of 5 percent. And for a period of 10 years, the same building owners will get a flat 35-percent allowance on rents collected (instead of 15 percent). In the case of married couples, up to 30,000 francs of the interest on money borrowed to acquire housing may now be deductible (instead of 15,000 francs) (160 million francs).

Lastly, the general rule is that there will be a 3-percent allowance on everyone's income tax.

Business Taxes

Business is officially receiving 11 billion francs in tax relief. But from that amount must be deducted at least 1.1 billion francs representing the cost of measures that apply only to artisans, merchants, physicians, and the other liberal professions.

The rate of corporation income tax is being reduced from 50 percent to 45 percent in the case of redistributed profits (the rate was already 45 percent in the case of reinvested profits) (cost: 3.8 billion francs).

The basis of the business tax (employment and investment) is being reduced by 16 percent. Physicians going into practice in towns of less than 2,000 inhabitants are exempted from the business tax (cost: 5 billion francs).

People in the liberal professions, merchants, artisans, and farmers will receive an allowance of 20 percent up to a maximum of 250,000 francs (instead of 192,000 francs) if they belong to an approved management center (500 million francs).

The stamp tax on automatic devices (pinball machines and so on) is being eliminated (140 million francs).

Reserves for paid vacations that are set aside in 1987 will be deductible from operating results next year (100 million francs).

The rate of the tax on overhead expenses is being reduced from 30 percent to 20 percent (700 million francs).

Small and medium-sized farmers who withdraw from the flat rate system will benefit from transitional rates. Small farmers whose turnover is less than 35,000 francs (compared to 10,000 francs previously) are exempt from the value-added tax. And lastly, home distillers will see their taxes diluted (see LIBERATION, 12 September 1986) (300 million francs).

11798
CSO: 3519/250

STATUS OF INDUSTRIAL RECONVERSION ASSESSED

Madrid EPOCA in Spanish 1 Sep 86 pp 60-62

[Article by Jesus F. Briceno]

[Text] The process of reconversion backed by the Administration and agreed upon with enterprises and unions will eliminate 67,239 jobs. To these, one must add those stemming from the second reorganization, which will affect iron and steel, mining and automotive enterprises, whose preliminary plans, already well along, are now being studied by the Ministry of Economy.

The loss of jobs will affect (is already affecting) a fourth of the personnel in all sectors subject to reorganization as this article is being written.

In absolute terms, the adjustment presents a high sectorial concentration, representing approximately 75 percent of those in the overall iron-and-steel sectors (25.6 percent), shipbuilding (19.4 percent), electrical household appliances (18.8 percent) and special steels (10.1 percent). At the end of the process, in the overall iron and steel sector, 41.4 percent of the personnel will be gone and the figures for electrical household appliances, special steels and shipbuilding will be 53.2, 49.7 and 35 percent respectively.

At the end of last year, according to data from the Ministry of Industry, the process of personnel adjustment (the official report never refers to the loss of jobs) was already well underway, with practically 80 percent of the 67,239 layoffs planned from the date of the initiation of plans to their finalization (the most extensive in 1990) already carried out. The adjustment still pending only affected 14,889 jobs, with the handling of these surpluses already agreed upon with enterprises and unions.

Reorganization of these enterprises, whose personnel at the beginning of the reconversion plans totaled 262,024 workers, which figure will be reduced to 194,785 in 1990 (74.5 percent of all personnel will be saved), will cost the public treasury nearly 1.5 billion pesetas, including direct subsidies, expansion of capital with required subscription by the government or the INI [National Institute of Industry] and participatory credits. This sum does not include the rescue of Rumasa or the reorganization of Seat, among other spectacular actions of recent years which involved another 750 billion pesetas. In other words, in round figures, the official reconversion is similar to the current deficit of the Spanish Government, without considering assistance to workers through Employment Promotion Funds or the forced retirement of 15,000 workers.

Iron and Steel: Highest Cost

The lion's share goes for iron and steel. Subsidies from the Ministry (MINER), participatory credits and capitalization from the INI to its industries represent practically 60 percent of all government aid. For the shipbuilding, special steels and household appliances sectors, that percentage is 66.9, 71.2 and 55.1 respectively. In the way of assistance to all sectors undergoing reconversion, total subsidies granted by MINER starting in 1982 and running until 31 December 1985 amounted to 127,531,000,000 pesetas, while sums pledged until the end of 1988 amount to 89,845,000,000, basically earmarked for the sectors of iron and steel (32,909,000,000 pesetas), textiles (15,948,000,000) and fertilizers (17.41 billion).

Another source of generous financing has been the Industrial Credit Bank, which has also contributed in a very significant way through the granting of loans and endorsements, most of these with the subsidiary guarantee of the government, and also participatory credits. The total amount of credits-endorsements granted by 31 December 1985 was 203,002,000,000 pesetas and new grants for a total of 88,248,000,000 pesetas by the end of 1988 are planned.

Enterprises in the overall iron and steel sector are those which absorb the highest proportion of those credits and endorsements (practically 55 percent), followed at a considerable distance by those in the textile (8.2 percent) and electrical household appliances (7.4 percent) sectors. Participatory credits, which are basically concentrated in the sectors of overall iron and steel, special steels and electrical household appliances, are also of considerable importance as a mechanism for the financial rehabilitation of enterprises. By 31 December 1985, a total of 47,665,000,000 pesetas had been granted and new grants are planned until the end of 1988 amounting to 36,805,000,000 pesetas.

The National Institute of Industry has been another of the channelers of this financial drain aimed at shoring up enterprises leading the way in the official reconversion. Through capital expansions underwritten by the INI and the replacement of losses, financial resources amounting to 349,423,000,000 pesetas had been transferred by the end of 1985, 60 percent to iron and steel enterprises and 32 percent to shipbuilding enterprises (subsector of major shipbuilders). Through these two types of financing, some 239.98 billion pesetas remain to be given out by the end of 1988.

In addition, credits and endorsements from the Institute granted by 31 December 1985 to enterprises subject to reconversion amount to 170,941,000,000 pesetas, with some 70 percent going to Astano and AESA.

Pensions, Indemnification, Unemployment

A total of 48.45 billion pesetas in credits and endorsements will be granted to iron and steel firms in 1986 and 1987. Some 60 percent of the surplus workers resulting from this industrial reorganization process will have been absorbed by Employment Promotion Funds or have taken early retirement. In some of the sectors having the greatest social impact due to the volume of

Evolution of Personnel in Sectors Undergoing Reconversion

Sectores 1)	Periodo de referencia (1) 2)	N.° de empresas acogidas 3)	Plantilla inicial (2) 4)	Plantilla final prevista (2) 5)	Plantilla a 31-12-85 6)
Construcción naval (GA) 7)	30-6-84 31-12-87	2	21.920 (100)	14.019 (63,9)	13.745 (62,7)
Construcción naval (PM) 8)	30-6-84 31-12-87	27	15.427 (100)	10.223 (66,2)	10.165 (65,8)
Siderurgia integral 9)	31-12-80 31-12-90	3	42.837 (100)	25.570 (59,6)	31.711 (74,0)
Aceros especiales 10)	31-12-80 31-12-87	11	13.744 (100)	6.919 (50,3)	9.882 (71,9)
Electrodomésticos línea blanca 11)	31-12-80 31-12-87	18	23.869 (100)	11.190 (46,8)	14.507 (61,2)
ERT (Grupo) 12)	31-12-83 31-12-87	6	10.242 (100)	7.990 (78,0)	8.662 (84,5)
Textil (3) 13)	31-12-81 31-12-86	534	97.494 (100)	88.148 (90,4)	89.727 (92,0)
Standard-ITT 14)	31-12-83 31-12-86	2	18.681 (100)	17.224 (92,2)	18.158 (97,2)
Equipo eléctrico automoción 15)	31-12-81 31-12-85	2	6.720 (100)	5.378 (80)	5.402 (80,3)
Componentes electrónicos 16)	31-12-81 31-12-85	17	3.744 (100)	2.200 (59,5)	2.360 (63)
Semitransformados de cobre 17)	31-12-81 31-12-84	4	4.503 (100)	3.430 (76,1)	3.401 (75,5)
Asturiana del Zinc 18)	31-12-80 31-12-82	1	2.843 (100)	2.494 (87,7)	2.494 (87,7)
TOTAL		627	262.024 (100)	194.785 (74,5)	209.674 (80,2)

[1] Corresponding to reference dates for initial and final personnel staffs.

[2] Figures in parentheses are index numbers based on initial personnel.

[3] The period of inclusion of enterprises in the Textile Reconversion Plan ended on 31 January 1986. Data for this sector refer to the 534 enterprises included in the plan by 31 December 1985.

Source: General Technical Secretariat, Ministry of Industry and Energy

Key:

1. Sectors 2. Reference period 3. Number of enterprises included 4. Initial personnel staff 5. Final personnel anticipated 6. Personnel on 31 December 1985 7. Shipbuilding (large-scale) 8. Shipbuilding (small, medium) 9. General iron and steel 10. Special steels 11. Electrical household appliances 12. ERT [Rio Tinto Mining Company] (Group)
13. Textiles 14. Standard-ITT 15. Automotive electrical equipment
16. Electronic components 17. Semi-finished copper products
18. Asturiana Zinc

workers affected, such as shipbuilding, general iron and steel and special steels, the percentage goes as high as 91.4, 77.5 and 70.2 respectively. This fact, which on the one hand solves the human problem of the working population losing jobs and which, on the other, frees the enterprises from the social costs stemming from the adjustment to market prices, is simultaneously accompanied by the need for a greater budgetary effort by the Administration, which is forced to take over the compensation agreed upon, in addition to covering unemployment and pension costs.

The 1.5 billion pesetas earmarked for enterprises to be reorganized has resulted in satisfactory performance by them, according to the Ministry of Industry, with a favorable evolution of their financial charges in terms of the financial costs/sales ratio. In all sectors, except for that of the semi-finished copper products, a very positive trend has come about, especially in electronic components, the ERT group and electrical automotive equipment. In all of them, the combined effects of the financial rehabilitation measures and the positive evolution of the invoicing reduced that ratio to 74, 71 and 67 percent respectively.

With respect to the evolution of personnel costs, adjustment measures (official reports prefer to speak about a "re izing" of personnel staffs) have generally had a very positive influence, with the same percentage results as those given for invoicing.

All the sectors evolved positively in the 1981-1985 period, especially in those of electronic components, special steels, electrical automotive equipment and the ERT group, where that ratio was reduced to 54, 39, 29 and 24 percent respectively. One should also point out the improvement in the two shipbuilding subsectors (33 percent in the large-scale and 26 in small and medium-sized enterprises). The reduction in personnel has increased the productivity of those which have retained their jobs, from 29 to 62 percent for all sectors except shipbuilding, due to the lack of demand.

Situation at Rio Tinto Mining

Two new reconversions underway have come to light although the term of the first has not yet expired. Employment regulatory orders are being prepared for the Rio Tinto Mining Company. This resulted in the paralysis of the entire Huelva Basin on 13 August, the Hunosa Basin and the iron and steel basin, the latter in the framework of the EEC.

Huelva could become another Sagunto this fall because of the employment measures affecting 1,200 workers in Huelva and another 100 company workers in Galicia. Women and children went out into the streets to defend their husbands' and fathers' jobs. Rio Tinto Mining Company works the Corta de Atalaya, Pozo Alfredo and Cerro Colorado deposits. According to company sources, losses so far this year amount to 2,013,000,000 pesetas and the foreseeable increase in their volume seriously compromises the future of the enterprise. Consequently, a request has been made to rescind the contracts of 1,200 workers, all residents of the towns of Nerva, Zalamea la Real, El Campillo and Campofrio.

Another of the eternal reorganization projects is Hunosa, which has just presented its proposals to the National Institute of Industry. These proposals, which go as far as the year 2000, embrace a very wide range of solutions from a total shutdown of facilities, with the loss of 20,957 jobs now existing, to the maintenance of the current situation or an increase in production. Over the past fiscal year, Hunosa lost 8 billion pesetas, to which one must add another 26 billion pesetas in subsidies.

11,464
CSO: 3548/83

IMPACT OF UNDERGROUND ECONOMY REVIEWED

Madrid EPOCA in Spanish 25 Aug 86 pp 68-69

[Text] The issue of the underground economy came to the forefront in Spain with statements made by Minister Solchaga in Mallorca in evaluating unemployment. Its essential cause, as we reported in the 4 August edition of EPOCA, is the burden of taxes and social security.

In its 9 July issue, DIARIO 16 presented a graph under the headline "The Fiscal Pressure Race" and stating that for Spain, "it is not so much the fact that fiscal pressure is growing year after year, reaching virtually European levels, but rather, that this pressure is exerted on a small base of the citizenry. Many incomes evade tax control, thereby causing the pressure placed on those who pay to be overwhelming.

One thus glimpses the situation which we can try to understand through the following diagram [not reproduced], inspired by that intuitive truth known as the Laffer curve, whose bell-shaped line appears on the left side of the graph.

If the reader decides to follow the explanation, he will see that it is a very comprehensible diagram. The vertical axis measures fiscal pressure. The horizontal axis on the left measures fiscal income collected. In other words, one obtains as much fiscal income -- in quantity OD -- with fiscal pressure OC, as with the much higher fiscal pressure OB. The maximum fiscal income is observed to be obtained with fiscal pressure OA. Anything over that -- crossed out on the graph -- is a mistake. It serves no purpose. The horizontal axis on the right measures the level of activity through productive capacity. As fiscal pressure increases, there is less activity related to the formal or legal economy. In contrast, there is greater activity related to the irregular economy. The formal and underground economies combine to make up the total economy. It is obvious that the latter declines, although with less force than the formal economy, when fiscal pressure increases.

The widespread nature of the phenomenon seems to indicate that the underground economy has been something like a mechanism of adjustment for the entire world economic system on both sides of the iron curtain. Thanks to it, the latter escapes a whole series of labor, fiscal and social security incongruencies and adapts better to conditions deriving from the economic crisis. From this is also derived something like an optimistic version of the phenomenon. It has become so widespread that it has even been accepted by such persons as Jose

Borrell, secretary of finance, when he states, according to the June 1986 issue of FUTURO, that this type of economy "is a profound perversion of the market economy and the social reaction to maladjustments. Obviously, one must require enforcement of the law and, at the same time, change a set of norms in order to adapt them to reality. In order to bring up a submarine, it is not enough to drop depth charges." Or, and it amounts to the same thing: The market economy reacts so that it warns us that maladjustments between the legal and the real market indicate that it is necessary to adapt the former to the latter.

"Some Kind of a Job"

One suspects that the extremely high figure of unemployment in Spain might become a kind of important sector in our underground economy. The 30 June issue of NEWSWEEK reported that 50 percent of all Andalusian unemployed worked "at some kind of a job." In addition, social peace in Spain, which gets along with 3 million unemployed, probably has to be bought at some price. One of them is excess public spending, especially in the sector of unemployment benefits, either through social security or through transfers to public and private enterprises. The other social cost is that of great permissiveness regarding the underground economy.

In a SOFEMASA survey, FUTURO, it became very clear that a poll of 409 persons out of a world of business executives in companies with gross annual billing of over 500 million pesetas, tells us that Spanish business executives believe that "the government does not prosecute, but rather, tolerates this type of activity." This opinion is shared by the unions. Marcelino Camacho, leader of the Workers Commissions (CCOO), said: "Instead of attacking (the causes of the underground economy), the government has stimulated it with flexible standards, seasonal contracts, and so on, that it has approved during its administration. The law on seasonal contracting and flexible standards are the most direct steps toward so-called moonlighting."

All of this points toward the great importance of this type of economy in our country. Through the SOFEMASA survey in FUTURO, the order of sectors affected, based on the percentage of positive responses to the existence of an underground economy is them, is as follows:

Sector	Percent
Textiles, ready-to-wear, furs	44.7
Shoes	33.6
Computerized banking services	14.6
Construction	13.4
Commerce	7.5
Food	6.7
Metallurgy	5.9
Data processing	5.5
Hotel trade	4.7
Toy business	4.7

But this quantification must be expanded. There have been several attempts. One of the first was by M. A. Molto, who began such calculations in his work "The Underground Economy: An Initial Approach to the Case of Spain," which appeared in REVISTA ESPANOLA DE ECONOMIA, July-September 1980, based on the Guttmann ratio between cash in circulation and demand deposits. This says that if the former grows much more than the latter, it is likely that the underground economy is expanding. Molto figured that for 1979, it amounted to 10 percent of the GNP.

For 1981, according to estimates of J. B. Terceiro in "The Covert Economy," published in ANUARIO EL PAIS 1982, it amounts to 33 percent of the GNP. It thus exceeds the 23 percent of the GNP for 1978, according to A. Lafuente in "Spanish Commercial Information." Terceiro includes prostitution -- 3 percent -- and drug trafficking, also 3 percent.

The National Employment Institute offers the following sectorial percentages within the scheme of economic immersion in Spain:

Sector	Percent
Agriculture	11.7
Extraction and processing of metals	1.07
Precision mechanics and metal processing	7.44
Other manufacturing industries	20.22
Construction	24.47
Transport and communications	4.25
Commerce and hotel trade	18.08
Financial institutions and insurance	.54
Other services	12.23
Total	100.00

Terceiro came to the conclusion -- which has not been contradicted -- that the sectors mainly affected by the phenomenon are: construction, services, shoes, toys, ready-to-wear, textiles and leather.

We must also note the information from Santos M. Ruesca -- one of the best systematic studies of the Spanish underground economy -- and Antonio Garcia de Blas, to the effect that over 40 percent of the companies studied in Andalucia with under 100 workers have "moonlighters" to some extent. Finally, in the Valencia community [sic] The above map [not reproduced], which appeared in FUTURO without any source notation, appears to be sufficiently acceptable. Allowing 22 percent unemployment, according to the National Statistics Institute, and Solchaga's estimate that only 15 percent is absolute, there remains 7 percent -- 1 million retired -- in the underground economy. To continue with this quantification, it is very important to take into account the last summary of this problem from Leandro Garcia Menendez and his team, found in his extremely valuable work "Economia sumergida y crisis industrial en Espana" (Valencia, 1986).

Negative Factors

With this information in hand, it is quite clear that our situation is very different from that of Italy or France. Except for a certain subsector of the shoe industry in the Vinalopo Basin perhaps, the basic difference is that our underground economy essentially works for the domestic market rather than the foreign market. Whence an extremely important consequence: This permissiveness of the domestic market makes it less exigent, with regard to technological progress, insofar as the demand met by our underground economy is concerned. A "considerable technological lag" is thus generated and this has "a series of negative implications with respect to the adjustment process."

He therefore takes a pessimistic view -- in contrast with Borrel's optimism -- and believes that "arguments defending the underground economy as a valid response to the industrial situation that the Spanish economy has experienced and is now experiencing are therefore not acceptable." The social costs of the underground economy are not only a deterioration of working conditions in terms of hygiene and safety, the number of hours worked and child labor, but rather, include obsolescence or, if one prefers, technological backwardness.

One therefore formulates serious reservations about what one might call a simplistic neoliberal aprioristic statement -- the market rebels against impositions -- and since the underground economy is the fruit of such rebellion, it must necessarily be good, inasmuch as it signifies a *non serviam* to coercive measures of the welfare state.

Conclusion

The underground economy in Spain is therefore something like a group of cancerous cells that kill by generating technological backwardness. It should not then be viewed as a kind of natural reaction deserving of an understanding smile, much less as the deliberate fruit of a few evil businessmen exploiting the community. The fact is that what is responsible for the bad situation is not the individual who runs from it and takes refuge in the underground economy, but rather, the one who creates fear with a tax structure that is increasingly rejected by public opinion and the experts.

Angel Panero, president of CEPYME, put it very well: "The origin of the underground economy is basically found in the impossibility of small and medium-sized enterprises -- the majority in Spain -- of meeting the growing fiscal and social needs." This naturally takes us to the issue of public spending and the extent of the sector with which the administration is directly and indirectly concerned. It also leads us to the matter of the advice proferred -- in vain, it would appear -- by the Bank of Spain. We shall devote our attention to these issues in the future.

11,464
CSO: 3548/83

KRUENES ON POLITICAL FUTURE, DEFENSE BUDGET, PROCUREMENT

Vienna PROFIL in German 8 Sept 86 pp 22-23

[Interview with FPOe Defense Minister Helmut Kruenes by PROFIL staffers Christoph Kotano and Otmar Lahodynsky, date and place not given: "Boss, Business Is Lousy"]

[Text] [Question] Mr Minister, when you did your military service, you went home after just 10 days "for health reasons." You have just had a physical examination at the Army Hospital. Are you fit--as a cabinet minister ?

[Answer] As far as my state of health goes--yes. In fact, the doctor said he was surprised because the job took more out of my predecessors in office than it has of me.

[Question] Your good physical condition will stand you in good stead as early as next weekend at the FPOe national congress. Former Defense Minister Frischenschlager warned last week that the party congress must not be allowed to turn into chaos. How do you propose to inject military discipline and order into the FPOe rabble ?

[Answer] My contribution does not consist in injecting military discipline. From my point of view, the greatest danger for any political organization is when it begins to concentrate on personnel conflicts rather than on matters of ideology and substance.

[Question] For one thing there is the discussion about the FPOe general secretary's job. Do you agree with Steger that the post of a second general secretary should be created ?

[Answer] The fact is that I helped draw up the original statutes because the secretary general's job was created for me personally while Goetz was chairman of the party. I am surprised about the very idea of two general secretaries. In any event, it is not the party congress that elects the general secretary but the party leadership.

[Question] The debate about Grabher-Meyer and Steger has created a permanent crisis situation inside the FPOe.

[Answer] There is good reason for the FPOe to engage in self-criticism. The situation is not really encouraging. Entire segments of the party's traditional supporters are about to switch to other blocs of voters. The FPOe has definitely lost some share of the market. When such things happen in the business world, one cannot put the blame on the market.

[Question] The market for your party has virtually collapsed.

[Answer] We are just now in the midst of the debate about the socialized industries but even in private sector enterprises, it takes a long time for someone to have the courage to say "boss, business is lousy." The fact is that the FPOe is not gaining on the market these days. We must therefore ask ourselves why the market is not being good to us. Are we producing something the market neither needs, nor wants ? Or doesn't the customer know our goods well enough ?

[Question] What does this market analysis do for you personally and for the FPOe ?

[Answer] There is no real need to go the VOEST route and throw out the whole board of directors. Overanxious actions might even impede normal developments. In the VOEST crisis, it took almost one year before some real decisions were made. If we apply that to the FPOe, any decision in this direction would pay no heed to important dates such as the elections to the national assembly next April.

[Question] Your plans for a solution, in other words, do not call for replacing the party chief ?

[Answer] One has to know what one wishes to achieve in substance rather than limit oneself to some specific personnel action. As far as I am concerned, the FPOe is a liberal party which should not create the impression of being a "leader" party. That is not the kind of party I would want to be a part of.

[Question] What you are proposing then is to stay the course in accordance with the new slogan "never change a losing team ?"

[Answer] The FPOe has always been good for surprises. As one of its members, I would never try to prophecy what its functionaries will do in a crisis. But there is a difference between a winning or a losing team doing something on its own or a leadership group fighting among itself up on the rostrum while the membership in the auditorium sits by and watches.

[Question] In case of emergency, would you be willing to replace Steger ?

[Answer] I am unable to predict how critical the debate in Innsbruck will be because I am not grounded in the party organizations in that way. But I do not intend to ask for the job, if the situation comes up. But I would run for the deputy chairmanship of the party because I have been asked to do so.

[QUestion] Your next baptism of fire as defense minister is about to take place. At the moment, you are in the midst of negotiations on the new military budget which traditionally turns out to be meager in an election year. Are you trying to get more money from the finance minister for the upcoming stage of military expansion ?

[Answer] Our plans for raising the manpower ceiling to 300,000 and procuring the necessary equipment--that is not the problem. The real problem is how our forces have been built up thus far. We left the expensive items for last and concentrated on building up troop strength...

[Question] ...which is only on paper ?

[Answer] Many of the expensive companies which require heavy weapons or which operate in the supply and transportation area have not yet been set up. It is simply shocking to see how little Austria is willing to spend on defense and how unready she is to defend herself. The businessman in me knows of course that we must put an end to the continuous enlargement of the overall budget but I still think it is unjustified to cut the defense budget alone. On the other hand, I cannot keep up the illusion that our national defense will collapse, if we fail to get more money next time around.

[Question] On 21 September, Landtag elections will be held in Styria. The FPOe will be fighting for its survival there. Did you have that election in mind when you made the announcement that you would review the purchase of the Saab "Draken" aircraft ?

[Answer] No, I do not believe that the FPOe will be judged in Styria on the Draken purchase alone.

[Question] Have you made up your mind on the Swedish bombers already ?

[Answer] Saab still owes some specific data. We are still conducting a number of tests, including one on metallurgy. Generally speaking, my position is that this is an existing contract which will be fulfilled, if the partner also adheres to its provisions in toto.

[Question] Is it conceivable that the contract might be cancelled in view of the fact that the Swedes have already collected one-third of the total purchase price ?

[Answer] By the end of the year, it will probably add up to 781 million schillings. But if we should find that there are deviations from the original bids, then that would have an effect on payment or other advantages. The die has been cast; but I will not hide the fact that I would reach a different decision today, if I were in a position to do so.

[Question] Inside the military establishment you are viewed as a man intent on saving money. Is it true that you personally bargain with military suppliers to get them to cut their prices ?

[Answer] It gives me pleasure to save money wherever I can. Just recently, I aroused one businessman's ire when I told him I would not allow the military to continue supplying a service to him free of charge.

[Question] But according to government regulations it is against the law to ask the lowest bidder to cut his prices even further.

[Answer] But it is not against the law for a bidder to accept less payment for the goods he supplies--which is not to say that I am breaking government regulations.

[Question] You said recently that Austria should not build up an armaments industry of her own.

[Answer] The idea that Austria could achieve complete autarky in the production of military goods is an illusion. Even an Austrian tank will contain major parts which have to be imported. Any domestic armament industry will only be able to exist in the context of an international arrangement.

[Question] Based on a suggestion by CA Director General Androsch, Nationalized Industries Minister Streicher now wishes to go through with a merger of our domestic arms factories. Do you think that makes sense ?

[Answer] Nothing much would change as far as our own armed forces are concerned; but in the area of international competition, we did not have one single supplier thus far. In this sensitive area there should be a coordinated approach. On this I agree with Androsch, Streicher and Sekyra.

[Question] Recently, you went public with your dreams of "a small rocket program in the sense of a research project on behalf of the military." Is that supposed to turn into a kind of Alpine Version of SDI ?

[Answer] The Americans provided an impulse for the entire economy with their space research program. Our own defense ministry could provide similar impulses for our domestic economy. I am thinking in this connection of our electronics and data processing sector because it is dangerous for Austria to keep on building tank hulls, for example, while having to import the electronic components for the turret. I am also concerned about the fact that our training personnel is not sufficiently familiar with modern weapons technology. We still have lots to do in this respect in the training sector.

[Question] Your unannounced visits to the military barracks have frightened the troops. The officer corps has criticized you for this. What have you learned from these visits ?

[Answer] I could tell you right now when I will be making my next visit; but there are only three or four people who really know about it the night before. I have learned a lot and I hope that others also learned something. It took a while to get used to the idea that the minister would go to the barracks unannnounced and start asking indiscreet questions. Of course mistakes come out--for one thing involving the attitude of the entire organization which is no longer used to dealing with the unexpected. But I think it is extremely danegrous for an army not to be able to cope with an atypical situation instinctively. I have made up my mind to pay this type of visit to at least one barracks per week.

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DEFENSE FIRMS FACING CHOICE: EXPORTS OR CIVILIAN PRODUCTS

Hamburg DIE ZEIT in German 5 Sep 86 p 31

[Article by Michael Schmitz: "Zeppelins Instead of Tornadoes--Production of Civilian Goods Proposed To Close Gap in Orders at Armaments Firms"]

[Text] Ludwig Ladewig is dreaming of a Zeppelin. "A real, rigid airship, not a rubber sausage which flies through the area as an advertising blimp." Construction would cost DM15 million. A lot of money for a crazy idea?

Behind this lies the intention to convert at least part of the armaments industry to civilian production together with the hope of insuring endangered jobs in this branch of industry. Messerschmitt-Boelkow-Blohm (MBB), West Germany's largest armaments concern, is supposed to produce the Zeppelin, first as a prototype, then in series.

Ladewig is chairman of the factory committee at the MBB subsidiary in Bremen. He has already often had to hear from management personnel, and at the beginning even from his colleagues, that this was all fantasy. But Ladewig did not give up. A Zeppelin would be useful in those regions without developed transporation infrastructure, with its range of 2400 km, its air speed of 80 km per hour, and the carrying capacity of a Jumbo jet; to be used in building the Siberian pipeline or for the shipment of bulk goods in Africa and Asia.

An airship needs neither takeoff nor landing strips and, filled with nonflammable helium, it needs energy only for forward movement: "A Zeppelin is friendly to the environment and cost-effective."

It could be used significantly for serveillance of coastlines and oceans, as a "flying laboratory with a crew of scientists who immediately analyze water samples and quickly identify environmental polluters who perhaps dump oil or release poisons." Small airplanes like those used by the West German navy are not suited for this, because they cannot carry either the proper equipment or enough people. In addition, they would have to land within only a few hours--a Zeppelin remains in the air for 30 hours.

Reaching back to airship designs of the 1930's, enriched by the knowledge of today's engineers and technicians, Ludwig Ladewig and his colleagues of the "work group for alternative production at MBB" developed the Zeppelin project when it became clear to them that the armaments industry does not guarantee their jobs for the long term. The business cycles of this branch are showing irregular curves, dependent upon government allocations and the politically defined useful life of weapons systems.

Industry is building new production capabilities for the production of each new generation of weapons, and at an always higher level because armaments technology is becoming increasingly complex. Armaments expenditures rise proportionately. The government sets financial limits, with the result that the plants are not continually at full production, until another procurement wave rolls in. From the viewpoint of the armaments industry, armaments goods are too long-lived in peacetime, except for munitions, which are adequately used up for training purposes.

MBB-Bremen is building, among other things, parts for the Tornado combat airplane which is jointly produced by various European countries. The manufacturer is now cutting back his production to the point where NATO requirements are being met. According to the plant committee, 480 workers in Bremen have to fear for their jobs. MBB can hope for a new large project in this sector in 1992 at the earliest, if at all. That is to be the Jaeger 90, a fighter plane whose design is not yet complete.

According to the claims of the alternative work group, this gap in orders could be closed through the construction of Zeppelins. The first interested parties have reportedly made inquiries recently. Nevertheless, the firm's board of directors, after waving this off for a long time, is checking whether the work group's positive market prognosis is accurate. The plant committee is "moderately optimistic." As innovative as weapons managers appear when they are praising new weapons technology, they usually react just as inflexibly when they are expected to think in terms of civilian production.

Similar experiences have been had by the workers of the tradition-rich Blohm and Voss shipyard in Hamburg. The firm has lived for years from armaments contracts, but the business boom has been over since 1983. At that time, the firm was supplying warships to Argentina. The plant committee's Gerd Taschenberger relates: "Management believed that they could produce frigates on an assembly-line basis, but the eager customers now lack the money."

Today, only ships awaiting repair now lie in the docks at Blohm and Voss. The former big customers from commercial shipping have long since emigrated to the cheap-labor countries. The shipyard registered its last civilian order in 1978. Even though an Italian customer has just ordered a passenger ship, the overall situation looks bad.

In an informal conversation, a member of the board of directors pleads for armaments exports. The destination makes no difference to the firm, the government merely needs to create the political conditions. The plant committee considers this to be an incorrect viewpoint. "Instead of aimlessly trying to hunt out profit-producing niches in the world market or inflating national armaments expenditures, we should improve the environment with our work and thus secure and improve our quality of life."

The Blohm and Voss workers also point to a large number of suggestions for alternative production. They cite recycling installations for the recovery of raw materials from household and industrial waste and from sewage sludge or techniques for the removal of sulphur from chimney fumes. Japan is exemplary in this context because industry there is energetically developing environmental technology and demonstrates that there is a market available for it.

A crisis mood is wide-spread in the armaments industry. In this case, the federal government had already warned in 1984 that between the currently ending second procurement wave and the third one beginning only in the 1990's there would arise an unclosable gap for the aircraft, armor, and ship industries.

The West German armaments industry ranks as the fifth largest weapons manufacturer in the world on the basis of its estimated annual sales of DM32 billion, and it employs 250,000 persons. The American Arms Control and Disarmament Agency (ACDA) lists the FRG in fourth place in its statistics on the world's weapon exporters behind the United States, the USSR, and France. The politicians are also proud of this "performance level." The present FRG administration is, for the first time in the history of the FRG, following a policy which wants to compensate for cyclically weakening demand through aggressive export of armaments. Government representatives are increasingly taking trips as representatives of West German armaments concerns. Ahead of all others, Defense Minister Woerner. During his most recent visit to Israel, he sounded out Israeli interest in the Leopard II battle tank, the masterpiece of West German weaponsmiths.

Even Woerner's side-trip to Japan, South Korea, and Indonesia served the armaments business, and was applauded by the armaments lobby. With the same intentions, Franz Josef Strauss sought contacts in China, and Chancellor Kohl flew to Saudi Arabia, which has been considered one of the best customers for many years.

Modern weapons business operates, as always, as unspectacularly as possible, predominately legally, without false bills of lading or secretive correspondence through third countries--although the Duesseldorf armaments firm Rheinmetall has had experience with this, as well as with the court processes which follow when illegal trade is discovered.

Very restrictive export regulations were in effect in the FRG until 1982. Deliveries to areas of world tension were basically forbidden, although the concept was subject to interpretation. The former social-liberal coalition invented additionally the criterion of the "vital interests of the FRG" and thereby opened up additional possibilities for business and negotiations, which the Christian-Liberal coalition can now use for an export offensive.

However, the market is no longer so lucrative as it was in the 1970's, when the boom reached its peak. At that time, 80 percent of the exports went to the Third World, weapons worth $12 billion. The Stockholm Peace Research Institute (SIPRI) calculated in its most recent annual report that this amount has dropped to a price-adjusted $7 billion. Seventy percent of weapons exports still go to these countries, but their high debts are forcing countries like Argentina, Chile, Ecuador, Indonesia, the Phillipines, Zambia, Venezuela, and increasingly Zaire to abstain from the purchase of weapons. The demand from OPEC countries is stagnating altogether, in spite of the Iranian-Iraqi war. For the armaments firms of Western industrial nations, not just for the FRG, this means: intensified battle for a decreasing demand.

With respect to this, Herbert Wuld of the Hamburg Institute for Peace Research and Defense Policy (IFSH) states: "Politics is now at a turning point. The strategy of the FRG is going in the wrong direction. Instead of concentrating upon armaments exports and upon subsidizing the purchase of armaments, it should support through an active economic policy the conversion of industrial capacity for civilian production, environmental technology, and transportation technology."

Just as in Bremen and Hamburg, the workers at Maschinenbau GmbH Kiel (MaK) think that the know-how is available in the plants. A work group for alternative production exists there, too. MaK shares in the production of the Leopard tank. The requirements of the West German army will be satisfied next year.

The Kiel work group is therefore recommending for example as production alternatives more rational transhipment techniques for railroad traffic and the technology for use of wind energy. People at MaK have before their eyes the success of Danish builders of wind energy installations who are continually acquiring new markets--in the United States, for example--and who, in the past 4 years, have created 2,500 new jobs. Immediately next to their plant, the Lindenau shipyard is building components for Danish wind energy installations. The MaK people think that they could do more.

However, armaments export has also long been for the MaK board of directors the means for making full use of production capacity. The work group was reproached with the comment that their suggestions were "damaging to business."

More recently, however, plant management has taken a new position. It claims to be thinking about new transportation technology, and is acting as general contractor for an energy project on Helgoland, which combines wind energy with log-fired power generators. MaK is making diesel motors for the power generators, but the wind energy installations are from another firm.

The plant committee's Heinz Schenk conjectures that management is counting upon the "Bismarck Effect" and, like the former Chancellor, is grabbing up the ideas of the workers in order to avoid more extensive demands. There exists no clear concept for conversion; therefore, it is to be feared that management will reverse itself as soon as "pilot projects" are completed. Schenk is continuing to plan for layoffs.

The avantgardistes in alternative production were at first laughed at from all sides. Now they feel the support of their colleagues in the plants and, after long hesitation, union leaders are agitating for conversion and are demanding more voice in the firms with regard to it.

At the beginning of the 1980's, workers at the HDW shipyard in Kiel demonstrated in support of additional armaments production and for export. The workforces of MBB-Bremen, Blohm and Voss, and MaK would hardly again go into the streets in support of such demands. Because, thinks Gerd Taschenberger: "Additional armaments expenditures endanger jobs even in the civilian sector, because money is tied up which could be used there more usefully."

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CHOICE LOOMS BETWEEN 1990'S ARMOR UPGRADING, NEW SYSTEMS

Bonn WEHRTECHNIK in German Aug 86 pp 20-33

[Article by Wolfgang Flume: "Combat Effectiveness Upgrading or New Development? On the Subject of Tank Development in Germany"]

[Text] During these past several weeks, following an extended delay, the planning phase for a new generation of armored vehicles for the German Army was begun--the so-called combat vehicles 90 [Kampfwagen 90 (KW 90)]. Not resolved as yet is whether these will be wheeled or tracked vehicles, whether they will be new developments or combat effectiveness upgradings of tanks already introduced, such as the LEOPARD 1, for example. If one contemplates the financial aspect, it cannot even be said for sure whether there will be any new vehicles at all, so that critics also view the abbreviation "KW 90" to mean "Kann wegfallen fuer die 90er Jahre" [Can be written off for the 1990's]. The situation appears quite different from the threat standpoint: Here the Bundeswehr must do something to counter the qualitative improvement of the battle tank equipment of the Warsaw Pact noted in recent years. The following article attempts to describe the current state of the reflections in the army and by industry, but since much is in a state of flux some things may already be obsolete by the time this is read.

After long-term Bundeswehr planning has practically been "reintroduced" under Minister of Defense Dr Woerner and Bundeswehr Chief of Staff Altenburg, it has, thanks to the annual Bundeswehr plans, also become clearer and thus more discussable. Changes in the planning naturally also become more obvious as a result, and in those cases remarks about outdated or shoddy planning are quick to be heard. Planning, however, is a dynamic process and--particularly in defense--subject to impact through such factors as threat, finances, personnel and technology--to make no mention at all of politics. This makes it necessary for plans to be changed; on the other hand, as a planner in the Federal Ministry of Defense himself told WEHRTECHNIK, "planning should also not pursue a zig-zag course."

It is important to keep this in mind, for to an outside observer it sometimes looks as if the army's planning for the armored combat troops is constantly being revised, and what is more that this is being done at random. This has even caused one army officer to say: "In the past, the army planning was sound but foolish. Now it is not even sound!" The planners, to be sure, rightfully deny categorically that this is the case, but they admit that they are in the midst of an investigative process concerning a reorganization for the 1990's. This naturally also impacts on theplanning for the armored combat troops. And if the army is now revising its conception and working out new objective and planning ideas, it must do this in conformity with the previously named factors, such as:

--Finances: Also for the long term, it can be assumed that no increased spending for defense will be possible and that the army's share of the investment expenditures for the Bundeswehr should continue to be somewhat less than 50 percent.

--Threat: Unexpected changes in planning as a result of a change in the threat are not supposed to occur, to be sure, but they cannot be avoided altogether, with the result that new priorities must be set during development and procurement.

--Personnel: Since the demographic development is known, surprises in this area really ought not to occur. The shortage of personnel from the beginning of the 1990's forces the army to adopt a new structure, and this in turn has an impact on the numerical size of the weapons systems.

--Technology: Further technological development should be generally foreseeable, to be sure, but not always its effects on military equipment. In certain sectors, the military is often almost overrun by technical progress, with which the German military materiel development process cannot really cope.

These and other factors, in turn, are closely related to each other. The use of new technologies is usually very expensive--there is therefore less money available for the developments and procurements. In other words, the use of new technologies to an unexpected extent by the adversary increases the threat, which in turn necessitates a response expensive in terms of money and perhaps also personnel. Clearly the blanket is too short all over, and no matter where one tugs at it, the gaps elsewhere become all the bigger as a result--a particular problem in view of the technological thrust which the ground forces and thus also the German army face.

What does all this have to do with armor planning? Was this planning not already "sealed" with the new combat vehicles of the 1990's with respect to their number and operational roles as described in detail in WEHRTECHNIK 2 and (85)? Even though this appeared to be the case at the time, the warning words were heard even then: "And thus the numerical and time data given below is not to be viewed as set in concrete--military personnel, budget experts and parliamentarians still have sufficient possibilities to change the current planning."

And that is exactly what happened: military and budget personnel were forced to reorient their thinking, the parliamentarians (for the moment) remained in the background. What had happened?

"Armament Mountain" in the 1990's?

First the finances: The wondrous increase in money, perhaps silently wished for by many, did not materialize, indeed the funds became scarcer at practically the exact moment that the new armored combat vehicles were being introduced, since systems which for the most part were to be previously procured (e.g., Antitank Helicopter 2, the self-propelled howitzer, and modern munitions) are experiencing delays in development and will thus be ready for procurement later than planned, so that--unless plans are revised--there would be a new armament mountain in the mid-1990's. Canceling, deferring, or prioritizing is thus the answer, with the last-named also being feasible--witness the procurement of a sixth lot of LEOPARD 2's.

The Threat Posed by Tanks

Re the next point, the threat: Now the ordinary citizen occasionally cannot tell whether the threat has really changed "suddenly," or if the threat is only being portrayed in gloomy colors so as to justify new procurements. However that may be, whether unpredictable or not, something has in fact changed in the threat posed by the tanks of the Warsaw Pact. They have undergone a slight increase in recent years numerically as well, to be sure, but it is above all their quality which has been improved significantly. In the Western Forward Area and the three western military districts of the USSR, there are approximately 27,000 battle tanks, of which--and that is especially alarming--about 50 percent are of the latest types, such as circa 5000 T-64A's and B's, 8500 T-72's, and 1000 turbine-powered T-80's: all with the 125mm smooth bore gun, from which the T-64B and the T-80 can also fire the laser-guided AT-8 KOBRA antitank missile.

These modern types are currently opposed in the West by only about 2,200 modern 120mm weapons systems: German and Dutch LEOPARD 2 and British CHALLENGER. This number will probably increase only slowly with the delivery of additional LEOPARD 2's, CHALLENGERS and M-1's with 120mm guns, and in the 1990's the French LECLERC. (On the other hand, the M-1 and the LEOPARD 1 with 105mm weapons should not be lost sight of either!) In the East, the modern types are delivered in quick succession: the T-72 is replaced by the T-72M with reinforced armor in the forward and turret regions, the T-64A by the B with increased firepower, and the T-62 by the T-80 with improved firepower and mobility.

While these figures can be easily arrived at from the known Soviet tank production rate and therefore do not constitute new information per se, what is somewhat of a surprise is the speed with which the Warsaw Pact is introducing its active armor. The extent to which the modern Soviet battle tanks really have this additional armor, which is effective against shaped charges, is still unknown, but it has been noted that the associated mountings were welded to a considerable number of battle tanks of types T-64B and T-80.

This armor, used for the first time by the Israelis in the war in Lebanon, represents a good supplementary protective measure for Soviet battle tanks, particularly if one considers that in an attack the Soviets would above all encounter a great number of Western panzerfausts and antitank guided missile systems equipped with shaped charges. In practical terms, circa 90 percent of the Western antitank weapons (including tank-mounted guns) should have shaped charge firing capability.

On the German side, that should be pointed out here right away, active armor (adapted or integrated) is naturally likewise being included in reflections on the protection of new or combat effectiveness-upgraded armored vehicles. A retrofitting of the LEOPARD 2 will probably not be necessary, since its integrated armor has been otpimized against both shaped charges and KE [kinetic energy] munitions.

What Is Active and Passive Armor?

Modern supplementary armor plating, as successfully employed for the first time by the Israelis in Lebanon (with the subsequently assigned designation BLAZER), is often referred to as active or also as reactive armor. The reason for this divergence in designation is a difference between the German and the English "armor terminology."

In English/American usage, there is first of all the passive armor plating, in other words, the same as in German usage the conventional armor plating without explosives, whether it be designed as a single thick armor plate, as spaced armor, or as "special armor," such as, for example, the English have under the designation "Chobham" in the CHALLENGER or as we have in the LEOPARD 2 with the combination of spaced armor and special armor.

Then there is the reactive armor plating, which provides its effectiveness directly at the tank (like the BLAZER, for example) by means of explosives. Plus the active armor, which is effective in front of the tank, because sensors report the approach of a projectile and countermeasures are taken, e.g., firing at the projectile, infrared flares for defense against heat-seeking missiles or terminally guided munitions, or electronic countermeasures for defense against radar-guided missiles.

In German usage, on the other hand, there is, aside from passive armor (without explosives), only active armor with explosives, such as BLAZER.

How now does active armor plating work (which incidentally goes back to a patent of Dr Held of MBB [Messerschmitt-Boelkow-Blohm] from the year 1970, which was not regarded as classified)? An explosive charge is located between two plates, which detonates upon impact by the shaped charge and accelerates the plates perpendicularly to the explosive plane. Since this supplementary armor is attached to the tank at an angle of circa 30° to 70° to the impacting shaped charge barb, this barb must cut an elongated hole of sorts into the steel plates which are oblique to the direction of its thrst, it is thus confronted by a continuing supply of new material, as a result of which the shaped charge effectiveness is largely expended and the thicker main armor of the tank can no longer be penetrated.

Needless to say, there are also countermeasures already: a tandem shaped charge, in which the first is "expended" and the second can penetrate the actual armor. And something "reassuring": this armor has little effectiveness against KE munitions.

New Army Structure for the 1990's

Both considerations--finances and threat--will, in conjunction with the reflections on a new army organization which are admittedly still strongly rooted in the present structure (Army Structure 4), most likely lead to a revision of the planning for armored combat forces. Even though the investigations have not yet been concluded, it will in part probably be quite different from what was still valid, more or less, a year ago. And so the originally planned line battalions having organizationally mixed armored and infantry components already in its basic structure will probably not materialize--meaning that we will probably continue to have "thoroughbred" battalions.

There have also been some changes meanwhile in the design and number of the new vehicles. At the beginning of last year, plans called for approximately the following:

In addition to the currently existing

--1800 LEOPARD 2 with 120mm gun
--2437 LEOPARD 1 with 105mm gun
--2136 MARDER,

the following would have to be newly developed and procured to the maximum extent possible

--1700 antitank combat vehicles with 120mm gun, from 1994 on
--800 tank destroyer/antihelicopter combat vehicles, from approximately 1995 on
--2500 armored infantry combat vehicles, from about 1996 on and about 2000 on
--1300 armored combat vehicles 2000 (LEOPARD 3).

A substantial number, therefore, with the costs accordingly high: using a figure of circa DM5 million per vehicle just for the 5000 "non-battle tanks," the procurement costs would already amount to DM25 billion, or, spread over a procurement period of circa 10 to 12 years, between DM2 and 2.5 billion per year. A "TORNADO" program, as it were, as far as cost is concerned.

What is now apparently emerging is that all meaningful combat effectiveness upgrading measures are being considered for already introduced weapons systems, so as to keep the number of new vehicles as low as possible (which under the old concept would for themost part probably not have been done, for new procurement and combat effectiveness upgrading simultaneously would not have been affordable at all).

If one now adds up the total—using different organizational criteria--we are struck for one thing by the fact that the requirement for the total number of 120mm weapons systems was not reduced. While "before" it had been 1800 LEOPARD 2's, 1700 antitank combat vehicles, and 1300 armored combat vehicles 2000 (total of 4800), they might now consist of

--1800 + X number of LEOPARD 2's
--1700 - X number of antitank combat vehicles
--1300 armored combat vehicles 2000,

with the number X to vary: the more LEOPARD 2's, the fewer antitank combat vehicles. Now a sixth lot of 150 LEOPARD 2's has already been ordered, and an additional requirement for 100 more has been officially reported, since 250 vehicles represent the inventory of the only armored division (the 10th) still equipped with the LEOPARD 1. In addition--despite all denials by the Ministry of Defense--it can be assumed that still more LEOPARD 2's will be procured, for a half-generation replacement, as has been practiced in German armed forces for circa 20 years, would mean: 2437 LEOPARD 1's, on the one hand, and the LEOPARD 2 currently in existence and 650 M-48 to be replaced, on the other, for a total of 2450 LEOPARD 2's! This makes sense for reasons of threat alone, but it is also a concession to industry, which--with a reduced production rate of circa nine vehicles per month (compared to 25 per month to date)--would then during the approximately 7 years until 1995 at least have a good basic work load. In addition, it contributes to an untangling of finances.

In this way, the number of antitank combat vehicles is correspondingly reduced to circa 1150--probably realizable less through a new development than through the procurement of still more LEOPARD 2's (perhaps somewhat trimmed down) or through further combat effectiveness upgrading (conversion to 120mm) of the LEOPARD 1--but more on this in the section on antitank combat vehicles.

The number of tank destroyer/antihelicopter combat vehicles will initially be maintained, even though here too there is some gnawing going on, for is a weapons system costing that much--a per unit price of 6 to 8 million has been mentioned--really still cost-effective? Cannot perhaps alternatives be found, particularly for the antihelicopter role? Is not the PAH-2 perhaps even more appropriate?

With respect to the armored infantry combat vehicle, one likewise no longer speaks of 2500 new vehicles. The alternative "combat effectiveness upgrading of the existing MARDER" now has far better chances of realization--only about half of the armored infantry combat vehicles will probably be procured "new," and these as newly developed vehicles.

Underlying all this is the idea that, also on the battlefield of the future, the role of the battle tank will not be assumable very quickly by other weapons systems with respect to its capacity to fire while on the move, to form points of main effort, e.g., to block off enemy penetrations or to recapture lost terrain. Only the battle tank can move under enemy fire, only with it--not with the other weapon intended for the formation of antitank points of main effort, the antitank helicopter--can enemy ground gains be compensated for.

The antitank combat vehicle, on the other hand, not necessarily as capable as a battle tank, is more the "skeleton" of the troops defending the area and thus forces the enemy to form points of main effort. Both vehicles must be supported thereby by armored infantry combat vehicles.

Concept Phase for Combat Vehicles 90 Now Underway

But what is to happen now with respect to the combat vehicles 90? On 1 July, finally, the starting shot longingly awaited by industry for a long time was fired for a 1-year planning phase for the three vehicles: antitank combat vehicles, tank destroyer/antihelicopter combat vehicle, and armored infantry combat vehicle. Funds for this are going to the three well-known tank system firms Krupp MaK, Thyssen-Henschel and Krauss-Maffei, as well to Daimler-Benz, a newcomer on the scene, so to speak (but which already developed the FUCHS and the LUCHS). Each firm is tasked to propose plans for all three vehicles.

The firms were given various conceptual variants for each vehicle, they could then select, in a so-called "check-off list" (or also referred to as "lottery ticket"), those that they wanted to work on. Since up to nine variants were possible per vehicle, the analysts at the Federal Office for Military Technology and Procurement will probably have circa 50 concept proposals from the firms at their disposal in a year (several variants are being worked on by several firms). This is practically an invitation for numbers games: Assuming that one proposal from a firm consists of 1,000 pages, this would make circa 50,000 pages in all, which would have to be gone through by a relatively small team at the Federal Office for Military Technology and Procurement in only 6 months time, for--at least this is what industry hopes--the concept selection is to take place at the end of 1987, so that the definition phase can begin in the first half of 1988.

The industrial proposals are to be assessed with respect to technology, tactics and logistics--the exact evaluation procedure is to be made available by the end of the year and made known to industry. An essential, but not decisive, criterion for selection will be the life-cycle costs. Here, however, the informativeness of the proposals from industry will probably not be overly high because of the inherently shallower elaboration depth during the conceptual phase. Here, too, one likes to make mention of "the" life-cycle cost-optimized weapons system: a bicycle with soldier and portable weapon.

And yet, the life-cycle costs should indeed be taken more into account with this combat vehicle family than in the past. Savings can surely be realized here if instead of a horizontal family (family parity among the vehicles to be newly developed), one thinks more in terms of a vertical family; in other words, with maximum utilization of proven high-wear parts (and training means, etc.) from the LEOPARD 1 and LEOPARD 2 family, or from motorized vehicles assigned to wheeled armored vehicles (as incidentally not only Daimler-Benz but also Thyssen-Henschel and Krauss-Maffei plan to propose)--more of this in this issue in the article on the RUE III. Not everything, therefore, must be newly developed--Krauss-Maffei/Diehl is currently trying to prove that there are also other alternatives with their ACV PUMA, which is based to the greatest extent possible on standard components (e.g. the motor) and on LEOPARD 1 and LEOPARD 2 parts.

The four system firms are supported by the so-called partial system firms ESG, KUKA, Rheinmetall, and Wegmann, which will participate in the development of the turret and other elements.

Antitank Combat Vehicle

The antitank combat vehicle (for the conceptual phase of which the funds have now been made available) is intended, with its KE muntions-firing weapon, to be the fire and support component for the armored infantry (a role still being performed today by the MILAN on MARDER chassis). In keeping with the tactical requirement, 120mm is being considered for the caliber, but--to economize--105mm could also suffice, at least for part of the vehicles: in reflecting on this, thought must also be given to the existing 105mm KE munitions. To be examined above all during the concept phase is the suitability of a perhaps trimmed-down LEOPARD 2 and a combat effectiveness-upgraded LEOPARD 1 with a new turret or better protection on the existing turret: LEOPARD 1 and 2 are only being worked on by Krupp MaK and Krauss-Maffei.

--LEOPARD 2. Here certain investigations have already taken place with respect to a trimming down, but whether or not the cost savings (between 5 and 20 percent, hopefully) would result in far greater losses in combat effectiveness remains to be seen. Tactical engagement from the fire position will permit a simpler fire control, to be sure, but it will have to be closely studied whether a LEOPARD 2, as is, is perhaps not the best-suited vehicle after all with respect to the performance-to-cost ratio.

--LEOPARD 1. Here it is at least planned that the measures taken with the LEOPARD 1 slated for combat effectiveness upgrading--then to be designated LEOPARD 1A5--will be retained, particularly those for the thermal imager fire control system EMES 18 derived from the LEOPARD 2 (in this connection, see the report on the LEOPARD 1A5 in WEHRTECHNIK No 7, 86, p 66). Also, a 120mm weapon can be retrofitted in the 1300 LEOPARD 1A5 without additional machine work. In addition, the protection of the turret would have to be improved, however. From the standpoint of the numbers involved, this is a manageable task, and it was also ascertained that new mountings can be welded on--even by assigned troops--without emptying the turret.

If, however, a LEOPARD 1 or LEOPARD 2 should not turn out to be an acceptable solution as an antitank combat vehicle from the standpoint of performance and costs, then a new development would have to begin--probably a less desirable course in view of the developmental costs (circa DM300 million plus)--unless a horizontal combat vehicle 90 family would offer substantial advantages with the "antitank combat vehicle, new." However: a LEOPARD 2 or combat effectiveness-upgraded LEOPARD 1 as an antitank combat vehicle can become reality more quickly, and something should in fact be done quickly to counter the threat described. Thus seen, therefore, the additional procurement of the sixth lot of LEOPARD 2 makes good sense militarily, and it should thus not be dismissed strictly as a stopgap aid for the German tank industry.

JAGUAR 3

With respect to its intended design, the tank destroyer/antihelicopter combat vehicle is really the only truly new vehicle, with a weapons platform--manned or unmanned--elevatable to a height of circa 13 m and to be equipped with the long-range 3rd generation antitank missile system PARS-3LR, which probably will not become available until after 1995.

As a result of the delay in the development of the PARS-3, this combat vehicle has become the subject of "discussion." For example, cannot the antihelicopter role be realized with weapons other than the costly PARS-3LR, with STINGER, for instance? Perhaps even with the additional PAH-2 procured in place of the tank destroyer/antihelicopter combat vehicle, which in addition would make possible the faster formation of points of main effort? And, for that matter, how does the antihelicopter role interface with the air defense control system at all? And for defense against tanks at a range of 5 km, could not a light wave-guided missile such as conceived by MBB (see WEHRTECHNIK No 6, 86, p 106) be more suitable and perhaps even less expensive? Or a HOT 3?

Questions, in other words, which go far beyond the discussion which in the meantime has almost degenerated into a question of ideology on "man at the top or below," "one-man or two-man operation" (the second man for the operation of the weapons system would in any case sit at the lower level of the vehicle), which already yields four feasible con-eptual variants. And if one adds "wheeled or tracked," we have already arrived at eight. Whereby "wheeled" does not necessarily mean a newly developed vehicle, for a normal 10-ton gl [cross country?] truck, but with armor-protected van, might also suffice. This, at any rate, is what Krauss-Maffei, MAN and MBB want to look into at their own expense with a demonstration platform.

Here, then, one can anxiously await which is the best path to the goal, indeed if there will be a tank destroyer/antihelicopter combat vehicle at all--as enticing as the operational possibilities of an elevatable platform may be. In any case, later on, following the concept phase and when one knows how the program is to continue, one should find a catchier name: GIRAFFE in the army zoo (LEOPARD, MARDER, GEPARD, FUCHS, LUCHS, JAGUAR, BIBER, SKORPION) would hardly be appropriate considering that animal's peace-loving nature. How about KOBRA (which also "fights" from a raised position), or simply JAUGAR 3, since the tank destroyer/antihelicopter combat vehicle is after all practically the logical extension of the tank destroyer family JAGUAR 1 and 2?

Armored Infantry Combat Vehicle

To continue with the discussion of nomenclature: With the armored infantry combat vehicle, the army has already progressed a little further than with the GIRAFFE/KOBRA/JAGUAR 3. The armored infantry combat vehicle which is to be newly developed is already being referred to as MARDER 2 to distinguish it from the current armored personnel carrier MARDER. In other words, the new vehicle is MARDER 2, the old is MARDER 1.

Let us begin with the MARDER 1: The combat effectiveness upgrading that was planned at one time for 1000 MARDER 1's through conversion of the caliber to 25mm is being "looked into" again--which does not mean, however, that all MARDERs will now be listed for all time as facing the changed threat with the light 20mm weapon. It is to be examined during the concept phase which weapons--naturally with new turret and reinforced armor--can be integrated, and this includes weapons of calibers from 25 to 60/75 mm, indeed even including the medium-range PARS-3. In addition, the turret race ring diameter is to be increased. In that way, other turrets could be mounted during the years ahead to better respond to the threat. Practically a sort of module concept, such as Blohm & Voss has realized in the construction of warships.

This combat effectiveness upgrading of the MARDER 1 could be accomplished in several increments: first the improvement of protection on approximately half the MARDER (yielding the version MARDER 1A3), then improvement of protection and new turret with a new weapon on the other half (yielding the MARDER 1A4), and finally reequipment of the 1A3 to the level of the 1A4, whereby it should be kept in mind that by the year 2000 the MARDER will be an approximately 30-year-old vehicle!

As a result of the criticism leveled at the army for the lack of an adequate troop transport capability, the requirement arose at that time for the development and procurement of 2400 new armored infantry combat vehicles MARDER 2--there is talk now of a markedly lower number, on the assumption, however, that all 2136 MARDER 1's will be retained as APC's. With 2400 newly constructed units, it would have been possible (and necessary) to use many MARDER 1's for other tasks (e.g. as replacements for the M-113).

With respect to armament, the same is true for the MARDER 2 as for the combat effectiveness upgrading of MARDER 1, here too the module concept could be applied. Which in addition makes it possible to equip some of the vehicles with rapid fire cannons (caliber 25 to 40mm), some with a larger-caliber single-fire weapon (mostly up to 60mm), and others with PARS-3MR. What is to be discontinued, however, is a weapons mix of cannons and missiles as found on the current MARDER. With respect to the caliber, the following should be noted: the smaller the caliber, the higher the rate of fire, the better suited for engaging lightly armored and unarmored targets. The larger the caliber, the smaller the munitions supply (or perhaps also the strength of dismounted personnel), the higher the effectiveness, however, against armored (ground and air) targets, with the additional possibility of one day using trajectory-corrected or terminally guided munitions.

LEOPARD 3

For the sake of simplicity, let us thus name the battle tank which according to current planning will not be introduced until about 2000, and which can then relieve the LEOPARD 1 from its role as a battle tank. Actually, this battle tank, according to a tactical requirement of 1972 (updated in 1980), was to become operational in the early 1990's! Then, however, it was relegated back to the preliminary phase in 1984.

Now what might a LEOPARD 3 look like? The army is very hopeful that the latest technologies will be applied here, e.g. a gun with fluid drive. The caliber could still be 120mm, but in NATO one is already thinking of larger calibers, e.g. 140mm, characteristic of a trend in the IEPG [not further identified]--unsuccessful tank cooperation ventures in the past notwithstanding--to work toward a joint production of the battle tank of the future. A more realistic approach here would be a mutuality with respect to key components, rather than the introduction of an identical battle tank. In this way, divergent timeframes for introduction could also be better implemented, as well as vertical (national) families. Another question that should be asked: What protection is a LEOPARD 3 to receive, and will the mobility now being achieved with a LEOPARD 2 be sufficient for it? Much investigating will still have to be done here--especially with respect to defense against terminally guided missiles and munitions. Can one rely here on protective configurations used to date (spaced armor and now active armor), or do not electronic diversionary measures perhaps take on much greater importance? Tactical concealment and deception in a new dimension!

Likewise: Can the operating costs be reduced by means of a turbine? Is an automatic loader--to eliminate the fourth man--really necessary?

And besides, what role will a battle tank still play at all on the battlefield of the years after 2000? To contemplate something quite unconventional, could not the roles of the battle tank and the self-propelled howitzer with terminally guided munitions be combined into one vehicle? Or is the battle robot coming? What direction will munitions development take? Is the universal projectile against tanks and airborne targets coming, a combination of KE and shaped charge munitions?

So whether or not a new battle tank is really developed depends very decisively on the technological progress made in several sectors. If less can be achieved here than is currently being assumed, then perhaps a development will again be possible after all which is based largely on the LEOPARD 2--a course that was still rejected in 1984.

Mortar Combat Vehicle

The combat vehicles 90 also include a mortar carrier--although years ago the plan here called for a new vehicle with a 120mm mortar, one has for several years already, for monetary reasons, been thinking only in terms of an improvement of the mortar currently introduced on the M-113 chassis.

However: Here, too, the Krauss-Maffei/Diehl development of the reloadable 120mm mortar under protective armor in the ACV PUMA shows that, with relatively little effort, something new can be created which promises greater firepower and above all substantially improved protection of the crew.

No Easy Task

Whatever the armored vehicles of the future look like, in what numbers they are to be produced and how they are integrated into the armored infantry and tank destroyer forces--these will surely be the subject of arguments by the "scholars" for years to come. In any event, however, the threat will not diminish--and to this threat the planning of the Bundeswehr must of course be oriented.

We can only hope that with these vehicles the understandable wish will be resisted to develop everything new, and that the savings thus realized are used to upgrade the combat effectiveness of existing equipment--provided it is not obsolete--or that, with vehicles which must definitely be newly developed, the highest effectiveness level is not immediately sought, but rather achieved over the ensuing years through combat effectiveness upgrading measures. This too would be a contribution toward lowering the life-cycle costs. Just as low life-cycle costs, generally, would be a way to procure more systems than would otherwise be financially possible, whereby the personnel requirement would again have to be considered, however.

Likewise: In the development of a new vehicle, must the military materials development process really be applied in its extended form, as in the past? Would it not be cheaper and less time-consuming to have these vehicles developed on the basis of company-financed demonstration vehicles?

Why not buy such a vehicle--for example, an elevatable platform on a conventional truck chassis--for a fraction of what a new development would cost? Improvements can always be added later.

Or give the firms certain resources for the development of experimental vehicles and create an incentive by offering to let the developer of the best vehicle take over series production.

So much for the projects of the future--far more precise data can be given on other armored vehicle plans of the Bundeswehr, which in part are in the realization stage and in part in various phases of development.

LEOPARD 2

After the CDU had voted solidly in favor of it, the FDP partly for and partly against, and the SPD solidly against it in the defense committee, and the majority of the budget committee had voted for approval, the procurement of a sixth lot of LEOPARD 2's with initially 150 new vehicles for the 10th Armored Division (still equipped with LEOPARD 1A4) had "cleared" the parliament--100 more LEOPARD 2's are to be added as soon as possible, i.e., when financeable. No more talk about Turkey, no talk of the necessary basic work load of the tank industry: the threat alone made these LEOPARD 2's necessary. If Defense Minister Dr Woerner had his way, the threat alone would require that all LEOPARD 1's be replaced by LEOPARD 2's (in other words, a complete generation change), which understandably could not be managed financially. In any event, however, this procurement is a welcome measure for disentangling the procurement mountain of the 1990's. However: the political preparation for this procurement was not very skillfully handled, and even members of parliament who were well-disposed toward the plan felt themselves "steamrollered."

The total cost of the 150 vehicles amounts to DM842 million, which would amount to a system unit price of DM5.6 million. The funding is to take place between 1986 and 1989, with additional payment in 1986 of DM230 million which has become available as a result of savings in fuel (DM210 million through cheaper fuel procurement and DM20 million saved through a later start of the JF-90 [Jagdflieger 90] definition phase). The delivery of the 150 vehicles is scheduled for 1988 (108) and 1989, with monthly production rates decreased to only nine vehicles (from 25 previously).

Armored Combat Engineer Vehicle 2 [Pionierpanzer 2]

The armored combat engineer vehicle 2 is approaching the end of its development phase; the developer Krupp MaK has built three prototypes. The bidding for series production was likewise won by Krupp MaK. Slated for conversion to the armored combat engineer vehicle 2 are the 36 armored combat engineer vehicles 1 thus far in use in the army and 104 tank recovery vehicles 2--both on LEOPARD 1 chassis. One feature of the vehicle is the telescoping arm excavator taken over from the former experimental test rig GPM [Gepenzerte Pioniermaschine (armored engineer machine)] in the EWK [not further identified] version, but only one, while the GPM still had two. Delivery of the vehicles is to take place between 1988 and 1990. Canada is also interested in the armored combat engineer vehicle 2.

Tank Recovery Vehicle 3 [Bergepanzer 3]

Approaching the end of the definition phase is the development of the tank recovery vehicle 3 on a LEOPARD 2 chassis by Krupp MaK. The Netherlands has a 15 percent share in this project. A test rig was built and is soon to be sent to Trier for testing. A special feature is the lifting capacity and the radial range [swing] of the crane, which permits the turret of the LEOPARD 2 to be lifted out of the hull--something which was not quite possible with the tank recovery vehicle 2 on a LEOPARD 1 chassis. The general contractor for the development is to be selected in early 1987. The series of circa 220 vehicles for the Bundeswehr are to be delivered from the end of 1990 on, and in addition there would be vehicles for the army of the Netherlands.

Tank Recovery Vehicle M-48 [Bergepanzer M-48]

Since the Bundeswehr is experiencing a certain shortage with respect to tank recovery vehicles, it is looking for quickly and simply realisable expedients and is also preparing a tactical requirement for a medium tank recovery vehicle. Here--based on preliminary work done by Jung Jungenthal--thought is being given to converting up to 100 currently mothballed M-48 battle tanks (still equipped with 90mm guns) into tank recovery vehicles. For this purpose, among others, the tank recovery equipment could be utilized which will become available during the conversion of the 104 tank recovery vehicles 2 to armored combat engineer vehicles 2. An M-48 converted by Jung Jungenthal with company-owned resources and having LEOPARD 1 tank recovery equipment is currently being tested in Trier. Still to be examined is the question whether these tank recovery vehicles are also to receive a diesel engine in place of the old gasoline engine. (The M-48 battle tanks with 105mm gun still have gasoline engines.)

Mine Launcher System SKORPION

Being delivered to the Bundeswehr since June 1986 by the general contractor Dynamit Nobel are 300 mine launcher systems SKORPION, at a rate of 10 vehicles per month. Final assembly is accomplished by Krauss-Maffei. The carrier vehicles of the M-113 family (M-548) are furnished by the Bundeswehr. Each vehicle can lay 600 AT-2 mines in a circa 50 m wide mine strip. WEHRTECHNIK will report on the SKORPION in detail in the next issue.

Mine-Clearing Tank LSM

The mine-clearing tank LSM is being developed by Krupp MaK. Two development models on M-48 chassis are being tested. The LSM clears a circa 4 m wide strip free of mines by means of a striker in front of the tank, which throws earth and mines to the side. A very ambitious design, which hopefully can be produced in the planned form.

MLRS and Self-Propelled Howitzer 70

These two artillery projects will be reported on in greater detail in the next issue of WEHRTECHNIK. Only this much for now: Wegmann is the integrator for the 200 German MLRS [not further identified] launchers. Thyssen-Henschel is carrying out final assembly of all 342 launcher vehicles.

As regards the self-propelled howitzer 70, the continuation of the program is uncertain. Proposals for the completion of development and/or alternatives have been submitted by the consortiums:

--Krupp MaK, Rheinmetall, Wegmann, OTO Melara, Royal Ordnance Nottingham
--Krauss-Maffei, KUKA, Porsche
--Thyssen-Henschel and VSEL.

WIESEL

The smallest of all armored vehicles is the Porsche-developed WIESEL, of which six prototypes were built and tested already in the 1970's. However, the program was stopped in 1978 for lack of funds, but then a few years ago was reborn with the issuance of a new tactical requirement in the year 1983. Porsche then received a development contract worth DM17 million. Two old prototypes were modified, two others built, which are now to undergo testing as airborne weapons carriers TOW [not further identified] and 20mm board cannon (in a KUKA one-man turret). Changed above all was the drive system through the selection of a VW 5-cylinder diesel engine with 74 kW and a fully automatic three-speed transmission 3HP 22 from ZF and a succeeding auxiliary transmission from Porsche. The hull for a two to three-man crew is now closed on top, the endless track was reworked. The bidding for series production should be held in mid-1987--here particularly Krupp MaK is in the running, which has acquired the worldwide selling rights from Porsche. To be procured by the Bundeswehr between 1988 and 1992 are just under 350 vehicles, most of them with TOW.

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RECENT RESERVIST UNIT ACTIVATION, TRAINING ISSUES REVIEWED

Naval Reserve Commissions Reinstituted

Bonn BUNDESWEHR AKTUELL in German 25 Aug 86 p 3

[Unattributed article: "Navy Reinstitutes Reserve Officers Career"]

[Text] Bonn--Starting immediately the reserve officers career is once again open to all sailors. Conscripts performing basic military service who entered the navy starting in July 1986 and are willing to commit themselves for two years may apply. For this purpose the applicants must meet matriculation standards or must have an intermediate high school certificate and completed vocational training.

Former sailors with the same educational qualifications may also apply for the reserve officers career if they are no more than 30 years old and have achieved at least the rating of reserve petty officer second class. For the latter group this additional training lasts 7-1/2 months and comprises a reserve officers course and technical training corresponding to the planned assignment. The reservists may also complete the 7-1/2 months and comprises a reserve officers course and technical training corresponding to the planned assignment. The reservists may also complete the 7-1/2 month period in several reserve training periods of at least four weeks.

The chief of naval operations expects from this measure that future reserve officers will contribute to understanding of naval aspects of the security policy in their civilian environment.

This year the naval service will pick about 60 applicants.

'Weekend Warrior' Concept Proposed

Munich SUEDDEUTSCHE ZEITUNG in German 21 Mar 86 p 6

[Article by SUEDDEUTSCHE ZEITUNG editorial staff: "Defense Ministry Considers Part-time Soldiers; Reservists Are Also to Be Called up for Short Weekend Exercises"]

[Text] Bonn, 20 March--At present the Bundeswehr examines the possibility to establish the institution of a "part-time soldier." In addition, in the future it is to be possible to call up reservists for short reserve duty training over the weekend. Since in the nineties about 400,000 reservists a year are to receive additional reserve duty training instead of the present 200,000, the required instructors would have to be taken from other functions. Thus from a combat-ready army, the Bundeswehr will develop more into a training army, the deputy for reservist questions of the defense ministry, Army Deputy Chief of Staff Heinz Kasch declared in Bonn on Thursday.

The extension of military service starting in 1989 is to be used to prepare the soldiers better for their later employment as reservists. There is a shortage of security soldiers with infantry training. Therefore in the future most soldiers are to receive dual qualifications, first as operators of a weapons system and then as security soldiers.

The "part-time soldiers"--reserve officers and NCOs--according to initial thinking are to commit themselves voluntarily to be available for a specific number of hours per year on weekends. They could then be used in "equipment units" whose material is stored but which at present are assigned operators only in a crisis. The part-time soldiers could prepare mobilization exercises and could take care of certain administrative matters with the aim of improving the mobilization capacity.

A troop test will take place this year for short weekend exercises. Over two weekends a year officers and NCOs are to join two motorized infantry battalions from Friday night to Sunday noon. In the future it is to be made possible for all soldiers to be called up for brief training--also on weekends--of from one to three days. Thus far four days has been the minimum for military training. As an example, Kasch mentioned that it is not absolutely necessary to call up a security soldier for two weeks. Two weekends could suffice to keep a soldier in practice for the protection of facilities and installations. Such short military training undoubtedly constitutes a lesser occupational burden for the individual than a two-week training period. It would also be simpler for the economy. Kasch noted that the number of those who escaped being called up for military training had increased because their employers had declared them "indispensable."

It has not yet been settled in detail how the training of the draftees is to be arranged in the future. According to Kasch, the final concept is supposed to be available by the end of next year. By then the work on the future Bundeswehr "fine structures" must also be completed.

Combat Support Command Activated

Bonn HEER in German Jun 86 pp 2-4

[Article by Peter E. Uhde: "A Cable in the Canal"]

[Text] Waidmannsheil I/86 was the name of the field training exercise of the combat support forces command 41 for which motorized infantry battalion 710 and the fourth engineer battalion 650 were mobilized. The Kiel canal ran through the middle of the operating area.

The battalion command post is in an empty cowshed. All around guards have been posted who alternately fortify their bunkers. This unaccustomed work does not come easy to PFC Gerd Borck and his comrades of the reconnaissance party. Staff sergeant Volker Rose tries to organize guard duty, relief, construction of field fortifications and the accommodation of motorcycle messengers.

Since the morning the battalion has been deployed in the area south and north of the Kiel Canal around the Breiholz ferry site about 15 km southwest of Rendsburg. He had the mission to guarantee surveillance and security and to establish defense readiness immediately.

All battalion members aside from a few exceptions are reservists and come from military districts I to III. Most of the officers and NCOs belonged to the advance party, i.e. they are removed from their civilian occupation for 12 days, and the rank and file, the so-called main party, are removed for 8 days from their civilian occupation to practice--again in uniform--their mobilization employment. The changeover does not come easy. For many it is the first military training in years and everything is strange and for the most part forgotten. For others, military service is just 15 months in the past.

In the pale neon light of the command post,situation maps and charts are discernible, broken down by how much materiel and personnel are available, with what company. Heiner Schloen, school director of an elementary and secondary school, has been taking military training since 1963. In the meantime, the lieutenant colonel has participated in 22 of them. PFC Reinhard Kranel was "caught" for the fifth time, as he puts it. As motorcycle messenger assigned to the second company, he now delivers a message to the battalion.

The command post provides a view of the Kiel Canal, 99 km, the most heavily traveled waterway in the world.

Next to the Breitholz civilian ferry site, NCO Reiner Brechters brings soldiers and vehicles across with his military SE (road/railroad) ferry. Floating bridge battalion 660 employs two of them. As a safeguard field guns with three-man crews are subordinated to the motorized infantry platoon leader on the southern bank. The company command post is located on the north bank; connection there consists of wire communication. The cable lies weighted down at the bottom of the canal.

While the companies get ready for defense and night disposition, the commander, Rear Admiral Dieter Ehrhardt, is expected to arrive at the control station. After the welcome by Colonel Stemmer, he is briefed on the situation: enemy, own unit and its present condition, everything is being explained. This is followed by an assessment of the march into the assembly area, of the dispersion and of the course of action there, of the issuing of orders and of the involvement of the reservists. During a helicopter flight over the operating area, the commander obtains a view from above.

Back on the ground he seeks conversations with the reserve duty trainees. PFC Wilhelm Kloss from Wolfenbuettel is one of the many traveling a long distance to the mobilization exercise. Of course he would prefer being used closer to home, just as the others, e.g., those who came from the Ruhr area. All involved know that this meets with great difficulties and probably can hardly be solved. Only whoever is affected must accept additional inconveniences. Around 1900 hours Battalion Commander Frank Ilsemann issues an order. The latest enemy situation is explained, and the operational readiness of the companies is clarified, organizational questions are discussed. In the middle of all this the shout: "Alert--paratroopers jumped near the canal." After a short time it was found out that they were civilian parachutists who landed on Schachtholm airfield.

The third company has its positions in the south at the elevation of the Lunau. Engineers blocked the terrain between the wooded areas by mine fields. The road bridge across the river will play a role later on. For the night security measures towards the south in the Barlohe state forest and to the north along B 77 are provided. First Lieutenant Michael Kamkalow commands the company for the first time because the unit leader according to the mobilization plan was indispensable. In response to the question what the mood is, he states short and to the point: "The unit stands by its leaders." This impression could definitely be gained. Of course there were complaints about different things and some activities were not performed with enthusiasm. Who likes to build a bunker for 24 hours to then fill it up again? Who is happy when the rations don't come when the stomach rumbles? Who isn't angry if the enemy reconnaissance patrol succeeded in sneaking behind one's own lines despite all precautions? At night it rains, the temperature has dropped a great deal. Sleeping bag and poncho are to retain the body heat. The first reports of enemy sightings arrive at the bunker shortly after midnight. The command employed raiding parties of motorized infantry battalion 512 with the second to the fourth companies. However, the situation could be stabilized in all companies by employing the reserves.

The first aid station is identified with the Red Cross flag. Where the Breiholz volunteer fire department meets otherwise, that is where PFC Ulrich Huelsmann, Staff Sergeant Hans-Detlef Kurth, and Major Immo Niebel, MC, have set up their first aid station. Huelsmann, medical orderly in a surgical department, sees the difference with respect to his civilian work in the increased first care of the injured. Practice casualties are taken to the medical soldiers to give them also something to do. A "blue light case" has not yet happened.

While the first aid station is clearly recognizable, the repair platoon moved into a farm well concealed. Dieter Retzlaff is a repair party leader and otherwise a motor sergeant in motorized infantry training center 41/1, Eggebek. Crane truck and 5-tone truck stand covered in an empty silage. During the night there was some activity, the crane was used more frequently to pick up vehicles from the ditches.

An NBC alert again aroused Sergeant First Class Dieter Olf who did not get any rest at night. This man with an engineering degree in machine building participates in his seventh reserve training as repair platoon leader. Therefore he knows most soldiers of his platoon from some exercises. Some of the vehicles had to be carefully inspected once again before the start of the training. The day before Olf had taken over the battalion flag as flag bearer. According to a decision of the Federal Ministry of Defense, it is also bestowed on equipment units. This ceremony took place prior to the start of the exercise.

At the moment it is quiet on Klaus Hohnsbehn's farm. Many farmers and citizens like he have made their farms, houses and other facilities available for the exercise. The command tries hard to have a good relationship with the population. Otto Struwe, mayor of the 1,200 inhabitant municipality of Breiholz between Kiel Canal and Eider, has been invited to get an idea of what the soldiers are doing. He does not reject the chance of a helicopter flight over his municipality. Hereby he has a chance to catch a glimpse of the passenger ship "Arkona" better known under the former name "Astor" in the TV series "Das Traumschiff" (The Dream Ship).

In the afternoon, Lt. Col. Holger Thomas issues the order to attack from the command post of his battalion which simulates the enemy. The B-77 is the line of departure. The terrain is not especially suitable for tanks. Thus the two motorized infantry companies are deployed forward, the tank destroyer platoon follows.

Staff Sergeant Karl-Heinz Herzog has an outpost with a heavy panzerfaust south of the Lunau. Firing of a smoke-signal cartridge and the reverse movement of the outpost following it opens the battle for the Lunau crossing. The Reds attack along the village street. They advanced to house number 22. The street traffic continues to operate over the bridge. Umpires with their white armbands try to render correct decisions, which, of course, none of the losers recognize. NCO Joerg Heisler and Private Frank Stein are the first ones to succeed in taking the north bank through the Lunau. In recognition of their wet feet the umpire lets them drop out. The decision at the Lunau has been made. Almost all platoons had had enemy contact. At 1750 hours the words "end of exercise" are sounded.

The following day there is Technical Service on Weapons and Equipment in the Eggebek-Sued barracks of the Motorized Infantry Training Center 41/1. For the next two years everything will be "mothballed" and therefore must be completely in order again. This day will not be a very good remembrance for chemical technician Joerg Kluewer. Starting today he is unemployed. When he returns from mobilization training, going to the labor office and the search for a new job begins. But he is not the only one facing this fate. Numerous others have the same problem, a problem that causes worries also to the military leadership.

In the Technical Area, the field gun platoon is in the process of cleaning, greasing and oiling the weapons. About 75 rounds were fired from each gun. Sergeant Bernd Christiansen was able to use his technical knowledge to make one operationally ready gun from two defective ones.

Starting and end point of the mobilization training is the mobilization base Idstedt, north of Schleswig. Capt. Hartmut Joachim accompanies the visitor there. The company staff sergeant for the equipment unit of motorized infantry battalion 710 is Staff Sergeant Major Heinrich Bohnhoff. In the Technical Area cars are washed. Hans-Juergen Dingler had to jump in as motor sergeant at short notice. The sergeant was responsible for 34 wheeled vehicles for the last few days. At several stations the exercise tracks are being removed. Bohnhoff has a total of seven civilian staff members for administration and preventive maintenance of the battalion equipment.

The various stages for demobilization are ready in a large Nissen hut.If everything runs smoothly, then every company is processed here within an hour. At the end of the hall a green door is conspicuous: when the reservist closes it he is taken to the railroad station or he can leave the mobilization base with his car.

A mobilization exercise has come to an end once more for combat support forces command 41. Assessment of one exercise and preparations for the next merge: Waidmannsheil II/86 looms ahead.

Combat Support Forces Command 41

There is only one unit in the army that bears this name. With headquarters at Schleswig, the command is the highest troop command staff in the Schleswig-Holstein territorial command. In case of a defense emergency, it becomes a division of about 17,000 soldiers through reservists. With Home Defense Brigade 61 and the home defense regiments 71 and 81, which are equipment units, it is then deployed for area and object protection to maintain in the rear area the freedom of maneuver for the NATO units.

The special area conditions in Schleswig-Holstein require protection of coasts against amphibious landings as well as of areas and objects of greatest military importance against airborne invasions but also by making reserves available.

In peacetime engineer regiment 60 is subordinated to it, of which engineer battalion 620, the floating bridge battalion 600, and the pipeline engineer company 600 are active units. In addition there are the NBC defense battalion 610 and the NBC defense company 6, units that are operationally ready even in peacetime. Topography battery 600 and the headquarters and supply company complement the active units.

The command has 5 training centers, 4 of them for motorized infantry and one for engineers, for the training of the reservists. About 5,000 reservists participate annually in mobilization exercises. They take place within the framework of platoons, companies or battalions. In addition, there are individual reservist training exercises; last year there were about 1,000 members of the reserve of all service ranks who refreshed their military knowledge. Furthermore, in service events which take place mostly over weekends, the operations and command personnel is prepared for the mobilization exercises.

The battalion mobilization exercises stress three factors: for one thing, mobilization itself, then training in the units and as culmination, a battalion combat exercise on open terrain. The material issue of the equipment units does not meet the modern standard of the field army. That is also not necessary since the units are not deployed at the very front in case of a defense emergency. For mobility, the material mobilization supplement of motor vehicles is ready.

The combat support forces command 41 is subordinated to the Schleswig-Holstein territorial command in Kiel and has been under the command of Col. Willy Stemmer since October 1985.

Services, Employers in Competition

Munich SUEDDEUTSCHE ZEITUNG in German 28 Jul 86 p 15

[Article by Kurt Kister: "Reservists Are in Great Demand"

[Text] Regensburg--"Appear as frequently as possible in uniform even as a reservist," Federal Defense Minister Manfred Woerner asked the participants of the Tenth Bavarian Reservists Day; "we do not want to hide the Bundeswehr but show what these people do for our people." Thus the minister expressed the sentiments of his listeners in the Kopingsaal in Regensburg exactly--for nearly all of them were involved ex-soldiers who are organized in the Association of the Bundeswehr Reservists. The Land Group Bavaria of the reservists association had invited its members to come to Regensburg to listen to Woerner's speech to the reserve setting out basic principles. On the other hand, they had also come to discuss with representatives of industry the competition between army and industry for competent young men for the next decade.

Kind Remarks From the Minister

Right at the start of his speech Woerner won over the audience to his side since he paid tribute to the listeners ("Dear reservist comrades") as well as to the location ("the awareness concerning a democracy fit to fight is especially pronounced here"). In his speech, which went far back, the minister not only pursued international psychology ("The Russian people is as peace-loving as the German") but he also provided detailed information on the priorities of German foreign policy ("The alliance is the most important thing in existence").

In the part of his address dealing with the role of the Bundesehr reservists, Woerner reminded the audience that the Bundeswehr has a defense level of 1.34 million soldiers. Only a little more than one third consists of active forces, the balance are reservists. "The citizen liable to military service, the reservist, this is the principal support of our defense in the armed forces," Woerner said. In view of the numerically constantly declining age classes, the importance of the reservists to the Bundeswehr will even grow in the future. The intention is to increase the number of reserve training slots to 15,000, so that in the nineties up to 400,000 reservists would be called up for training every year.

Because this development will cause considerable problems not only to the Bundeswehr in its structure but also to the employers of the reserve duty trainees, the reservists association in the second part of its event in Regensburg organized a panel discussion. Under the slogan "The reservist of the nineties--courted by Bundeswehr and free economy," politicians, representatives of industry, and soldiers (active and reservists) exchanged their prognoses on this subject. Professor Armin Steinkamm of the reservists association in this connection reported on the results of a poll among personnel chiefs. According to the poll, 74 percent of the enterprises expect difficulties on account of the growing number of reserve training exercises, however, over half of them had not heard of the planned change. According to SPD Deputy Fritz Gerstl, very small enterprises especially are affected which cannot find any replacement for the loss of a staff member participating in reserve training for a week at a time.

"Utilize the Mass of Reservists Better"

As did Gerstl, his Bundestag colleague Fritz Wittmann (CSU) also requested that such problems be given more consideration in the callup process for reserve duty training. FDP representative Martin Holzfuss advocated better utilization of the already existing "reservists mass," i.e. to call up also men for reserve duty training who thus far did not have to participate in reserve duty training. Willi Lersch, president of the Regensburg Chamber of Industry and Commerce, made a quite original proposal to correct the problem in the future: According to Lersch, the Bundeswehr should simply shorten the reserve duty training and hold it on weekends, so that the reserve duty trainee can work on weekdays. . . .

Employer, Army Advisory Council

Munich SUEDDEUTSCHE ZEITUNG in German 28 Jul 86 p 2

[Article by kk., Regensburg: "Woerner Announces Advisory Councils for Reservists Questions"]

[Text] By the end of 1986 the defense ministry is to complete a plan on which structures in the Bundeswehr must be changed to meet the growing number of reserve duty exercises in the nineties. According to a statement by Lt. Gen. Heinz Kasch at the Bavarian reservists meeting in Regensburg, what is involved is a kind of "overall concept" for a changed army structure. Kasch, responsible for reservists questions in the Bonn defense ministry, said an army that is based on reservists as much as the Bundeswehr will be in the future must place its emphasis on training even more so than now. At the same event, Defense Minister Woerner announced the intention of creating advisory councils of Bundeswehr, employers, and employees on account of the growing number of reserve duty training exercises. These bodies should help reduce problems in the enterprises affected by the reserve duty training.

Reservists Train Own Snipers

Bonn LOYAL in German Dec 85 p 21

[Article by Harald Zulauf: "Snipers; Reservists Train Reservists"]

[Text] The Bundeswehr has now completed a model test which is supposed to be exemplary for the Federal Republic as a whole: The training of reservists to snipers in a military subregion command (VKK) in the form of weekend training and according to the concept "reservists train reservists." The increase in the sniper component in the territorial army, which was instituted with Army Structure 4,--every home defense company now has 32 snipers--will induce additional VKKs to increase training of snipers in the coming years in accordance with the Cologne model test.

Course director Lt. Col. Lothar Mueller summarized "mixed experiences." The initiator of the model test indicates that by no means only the positive results should be reported. "There were many reverses but also times in which it could be noted that progress was being made. Many reservists were involved in the matter but there were also some who were not very particular about discipline, who were completely unsuitable for serious training," that was one result.

Of the 72 participants only half, 37, fulfilled the required firing results, passed the final examination and were accorded the desired sniper ATN (proof of military occupational specialty). In practical training, e.g. with aiming telescope rifle (G3) or infrared gun sight, but above all in the firing exercises the reservists had strikingly better performances than in the theory, e.g. in the calculation of the target lead angle measurements. The course participants had to complete 13 weekend exercises in the form of Service Events as well as a 5-day short reserve duty training in a training area--distributed over a year--. Endurance and continuing motivation, for example to get up Saturday morning at 0500 hours, were therefore required. Of course this also applied to the active VKK personnel. "Together with our mobilization trainees,the staff sergeants for reservists work and we course directors have performed service for this model test on about 30 weekends of this year," Maj Hermann von Felben, deputy course director,explained.

The instructors of the reservists were reserve soldiers. In two preceding sniper courses, VKK 311 made possible for the most successful participants from sergeant up training as gunnery instructor at the army combat forces school I in Hammelburg, and additional suitable reservists were trained as NCOs, so that the VKK could fall back on 20 instructors in the reserve.

Of course, there were problems here, too. "Certainly not all instructors who had taken advantage themselves of the military advancement by the Bundeswehr were then ready later on to impart their knowledge to the comrades. Some did not come any longer, others were frequently absent unexcused or came unprepared, which had a very negative effect especially in theoretical instruction in the class room," Lt. Col. Lothar mueller did not mince his words.

The concept of "reservists train reservists . . . cannot be achieved as fully responsible training by the reservists themselves but only if during the imparting of the theory active soldiers participate as instructors and in practical marksmanship training--especially also for reasons of discipline--an active soldier retains overall control," according to the conclusion of the commander of the Cologne VKK 311, Lt. Col. Ulrich Freytag. The newly appointed snipers are earmarked for mobilization assignments in their function in the area of the military subregion command and employed accordingly in reserve training. Some rank and file reservists with special suitability after passing the course are offered the opportunity to be further trained in 4-week individual reserve duty training in a training center as motorized infantry or security NCO. Of course there are problems here as regards age limit, for it is especially the older reservists who participate in the sniper courses, such as the 41-year old private of the reserve Heinz-Peter Ambrosi of Leverkusen. He says: "I am ready to get involved in reservists work to make my quite personal contribution to peace and freedom. But many of my age would be motivated if they had the opportunity to become an NCO. We are fit for such training." The extent to which some bureaucrats in uniform share this opinion is questionable. hardly any man over 40 is assigned to an NCO course. A frustrated 21-year-old private in the reserve called up against his wishes for reserve duty training is--that is the impression of many observers of the scene--preferred by some in the Bundeswehr over a 41-year-old who, though highly motivated--has passed the "old-timer limit."

The introduction of an activity insignia suggested by Cologne VKK 311 was rejected in the meantime by higher military authorities--for financial reasons. "That indicates little understanding for the recognition of the performance by the reservists," according to Hans-Dieter Kessler, staff sergeant in the reserve and one of the course instructors.

As a member of the district executive in the Cologne Association of the Reservists he seeks close cooperation between Bundeswehr and the reservists. "We depend on one another. The association needs the support of the active forces for its work and the Bundeswehr cannot do very well without trained reservists," he emphasizes. VKK Commander Lt. Col. Ulrich Freytag confirms: "Without the help of the reservists association such a course can hardly be held. Only with good cooperation as it exists with us between reservists and the VKK is it possible for such an undertaking to succeed." In Cologne, 100 percent of the instructors and over 90 percent of the participants of the sniper course were members of the Reservists Association.

Reservist Infantry Instructor Training

Bonn BUNDESWEHR AKTUELL in German 12 May 86 p 1

["Unattributed article: "'We Are Coming Again'; Reservists Training in Hammelburg--A Weekend in the Field"]

[Text] Two dozen reservists from private to lieutenant colonel from 24 to 51 years of age had followed an invitation of the infantry school in Hammelburg. The service from Friday evening to Sunday noon was the continuation of the model courses for reservists started in early February. Purpose of the undertaking: as large a number of reservists as possible is to acquire the qualification to impart basic infantry knowledge to reserve comrades. While then it was combat in builtup areas and house-to-house fighting, this time infantry combat from weapons training to combat firing during day and at night up to orientation training were on the agenda.

The weekend courses are essential building blocks in the new reservists concept, the school commander, Brig. Gen. Eberhard Fuhr, emphasized. After further weekend training in May and a one-week course in June the participants can be awarded the qualification as platoon or squad leader of a security platoon. Perhaps, the general felt, a special insignia to be newly created, "Security Force", could make the achievements of the reserve soldiers also externally evident.

"What we have here in Hammelburg is not offered anyplace else," noted Eberhard Koschny, PFC in the reserve and NCO candidate, customs senior secretary with the Federal Treasury in Bonn. And the second man in the bunker, Staff Sergeant in the reserve Addi Holzenleuchter, toolmaker in an industrial enterprise in Neuss, added: "The Bundeswehr should have offered such courses to the reservists for a long time." Sergeant First Class in the reserve Wolfgang Kuempel, entrepreneur from Limburg and instructor in his reservist group admitted that he had never experienced as realistic combat firing during his 12 years of service as he did on that Saturday morning.

Josef Koenig, first Lieutenant in the reserve, a skilled locksmith, addresses a political dimension of the undertaking while he prepared the machine gun on the mounting for firing. "We reservists in case of a defense emergency constitute the biggest share of manpower in the army. The level of our training, but especially our combat motivation, cannot be calculated at all by an enemy. Not least on that account do the reservists signify an important German contribution to the Western alliance."

The school commander was able to be satisfied at the end of the training. The motivation of these men is excellent, he felt. "We are going to come again," the reservists promised unanimously even though they were nearly swept away in the thundershower during the night firing.

12356
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BRIEFS

BORDER GUARD GETS VESSEL--Turku-The second light-weight coast guard vessel, Kajava, was turned over the Border Guard in Turku from the Valmet Shipbuilding Company's shipyard. The last of this three-vessel series will be completed next year. Kajava is intended for underwater as well as surface surveillance in Finland's territorial waters and it is for this purpose that the vessel has been equipped with a wide range of electronic surveillance equipment. The aluminum structured vessel is 27 meters long and 5.5 meters wide and can reach a speed of more than 25 knots. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 30 Aug 86 p 34] 10576

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DEATH OF FORESTS EXPECTED TO CAUSE ENORMOUS ECONOMIC LOSSES

Vienna PROFIL in German 11 Aug 86 pp 20-21

[Article by Walter Schwarz: "Extinction--Amen!"

[Text] Clemens Waldstein, forest owner, functionary in the Agricultural Chamber, and head of the advisory body "Research Initiative on the Death of Forests," launches into an apocalyptic prediction: "Austria will have sunk to the economic level of a developing country once it will have lost its sole natural source of wealth, its forests."

Right at the start of this year's Klagenfurt Timber Fair, this user of the future perfect tense to describe the gloomy prospects for our forests comes out with shocking figures:

- In Austria, at least 3,000 trees are dying daily--they are perishing because of the toxins present in the air, 80 percent of which are made in Austria itself.

- Since last year, the viability of forest-tree seeds has deteriorated from a previous 90 percent to 10 to 30 percent, depending on the type of tree.

- This year, for the first time all types of deciduous trees in the mixed mountainous forests, as well as the deciduous forests of the plains and hilly country down to the bottomland forests and wildlife-refuge zones, have shown severe symptoms of poisoning, while in the coniferous forests widespread extinction is commencing.

- For the coming year, a distinct increase in tree damage in the young forests can be expected.

- According to the gloomy belief of forest enthusiast Waldstein, 30 percent of the deciduous trees are already damaged. In his opinion, the old standard formula that deciduous trees are seven times as hardy as conifers must be felled: Once a deciduous tree gets sick, it is done for within a period of 2 to 3 years.

- For the first time, our domestic fruit trees are also being threatened with murder by poisoning. Although their fruit is still hanging on them, their leaves are already gone: "They were shed back in June, and there has been splitting of the sort that usually occurs in autumn" (Waldstein). This can be seen especially clearly among cherry trees, but also among apple trees.

- Next year, it will be scarcely possible to still see any living walnut trees.

Whereas federal, provincial, and municipal policy makers in the smog-shrouded greater area of Linz are playing funny little games and fooling around with areas of jurisdiction, whereas the introduction of the catalytic device is proving to be a gigantic flop, and whereas science minister Heinz Fischer recently went so far as to claim that the death of our domestic forests has been slowed down, foresters on-site can tell of startling things.

In the southern forested sector of the Ostrong area, the situation today is already the same as it was 3 years ago in Bavaria's dying Fichtelgebirge region or 5 to 6 years ago in the Czechoslovak forests. Only it is not as well recognized, because with us the mowing down of the trees has taken place relatively rapidly. In the vast Hapsburg-Lorraine forest enterprises, some 12,800 hectares in size, foresters can come up with scads of examples: Beech trees whose crowns showed damage 3 years ago are stone-dead today. Round about, an elevated fluorine and sulfur content is found. The number of clear-cutting operations is increasing rapidly, and in the coming year another 400 hectares will have to be cleared. The lament is heard that in 20 years there might be no more wood left for forestry operations.

"If thoroughgoing successes are not achieved at all levels, in 1988 the condition of the forests will worsen to such a degree that thereupon the emergency brake of drastic fuel rationing will have to be applied, despite all the negative consequences for our country's economy and tourism," according to a clear warning given at the start of the Klagenfurt Timber Fair. Whereas the official forest-situation inventory of the Federal Government made in 1985 shows about 26 percent of the domestic forests to be damaged, there are reports of new acute stages of damage and unexpected developments.

Thus it turns out that it was evidently a great mistake to measure only the "classical" smoke damage due to sulfur dioxide, nitrogen oxides, and dust. The pollutant group composed of diverse organic compounds (hydrocarbons) that have increased explosively just in recent years has been constantly overlooked.

The study "Environmental Policy" of the advisory body for economic and social questions estimates that in 1980 a good 400,000 tons of sulfur dioxide, 221,000 tons of nitrogen oxides, about a million tons of carbon monoxide, and 150,000 tons of hydrocarbons were released into the air. However: Whereas the domestic policy makers have feasted on their success in lowering the amounts of sulfur dioxide by a third, at the same time the poisonous brew of hydrocarbons has swollen to an estimated 300,000 tons.

And it is just here that things become startling: Innumerable domestic and foreign studies show that these hydrocarbons play a central role in the synthesis of poisonous photo-oxidants, and that the sun converts these organic vapors quite thoroughly into plant poisons.

From the endless paper-tape printouts of the few but nevertheless existing measuring stations in Schoeneben (Upper Austria), Ostrong and Heuberg (Lower Austria), and at the Patscherkofel, it can be seen clearly that in periods of fine weather the measured values for ozone (which is the key substance for all photo-oxidants) are far in excess of that limiting value considered to be the maximum permissible level for human health in enclosed working areas.

Our domestic forests are being transformed quite slowly but surely into a "gas chamber," and the damage to the forest economy can be rated at a good 5 billion schillings per year. But the forest-situation inventory of the Federal Government gives values that permit any calculations of trends at all only from 1989 on. Officially, according to this inventory, 964,000 hectares of forest are damaged. Vienna leads the way, with 60 percent of tended forests, followed by Burgenland (with 59 percent), Vorarlberg (with 47 percent), and Lower Austria, with 38 percent. In this connection, Kaernten (11 percent), and Salzburg, with 12 percent, bring up the rear.

Measured by foreign forest inventories, these domestic values--which were framed back at the time of overall control by appeasement-minded Hofrat Guenther Haiden, who meanwhile has been awarded with a pension--are somewhat on the low side as estimates, to put it mildly.

The Austrian forest-situation inventory covers injuries and woodland diseases that become manifest in treetop thinnings and in structural changes in the treetops, without the causes of the damage being determined in detail. Moreover, only those forest stands are looked at that are more than 60 years old. To elucidate: In the Hapsburg-Lorraine forest enterprises, there is not a single tree that is more than 40 years old and also healthy.

The optimistic forest inventory of the Federal Government is readily shown in its true, poor light through reports by the separate provincial forest administrations. Thus, for example, Salzburg's provincial chief Wilfried Haslauer says that along the Salzach River 26 percent of the trees are already diseased, instead of the officially reported 12 percent.

Elisabeth Guggenberger and Helmut Voitl, who for years now have been criss-crossing the country for the Austrian Broadcasting Corporation on matters of the death of forests, also come to very interesting conclusions in their book on this subject that was produced this year, "Forest Death--Made in Austria" (Footnote 1) (Edition S. Verlag of the Austrian Government Printing Office), by way of a comparison of the situation in Bavaria, Austria, and Switzerland: They say that the forest, the basis for existence for the mountainous country of Austria, is dying not only because of air pollution, but also because of an official policy of appeasement and inhibition, the jungle of jurisdictions, legal complications, federalism problems, and position battles with respect to management-labor relations.

For example, according to forest researchers Guggenberger and Voitl, in Bavaria as long ago as in 1977 it was seen fit to set up a region-wide "bioindicator network." Quote: "Austria's administrative body was not in a position to do this until 6 years later, namely in 1983, when the symptoms of the death of forests could no longer be ignored." Measured by Bavarian criteria, in Austria not a million hectares, but simply as much as 2 million hectares of forest area ought to be designated as damaged.

According to the book's authors, in the long term there could be dramatic developments in the situation of the protective forests in Austria (820,000 hectares), which furnish protection against avalanches, rock slides, soil slippage, and floods. "Observations indicate that the protective effect of these forests is being jeopardized by the action of immissions. The implications of this for the future are inestimable."

In this connection, Clemens Waldstein has a clear calculation on hand: If only 0.1 percent of this forest area--that is, 820 hectares--can no longer fulfill its function as a forest protecting against avalanches, then anti-avalanche structures would have to be erected, and assuming average construction costs of 5 million schillings per hectare this gives a sum of 4 billion schillings.

Bachelor of Commerce degree holder Scheiber, executive secretary for the Association on Agriculture and Forestry Policy: "We need to spend an additional 3 to 6 billion schillings for forest-saving measures each year, and in fact continuously and uninterruptedly for a period of 10 years--if this does not happen, the damage will be irreparable."

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END

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West Europe Report

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PROSPECTS FOR UNITY, SUCCESS FOR GREEN PARTIES

Zurich DIE WELTWOCHE in German 7 Aug 86 p 8

[Article by Inge Santner: "Austria's Disorganized Greens Want to Enter Parliament United"]

[Text] The Third Force

Austria's Green groups and splinter groups have made common cause. Together, they want to become the third force of the Alpine republic. They have a fairly good chance of achieving this: unless they once again split up into fractions, it would be quite possible for them to overtake the FPOe which currently ranks third. This would be the more sweeping change of the Austrian political system in 30 years.

The oath of allegiance has been sworn, the Greens' pact has been signed, the chaos of small groups has become somewhat more penetrable. Austria's environmental protectors, civil rights activists and advocates of political alternatives who seemed hopelessly at odds only yesterday, hope to march--or at least stumble--into the spring 1987 parliamentary elections like a great brotherhood.

"We are marching side by side," gloats Green guru Guenther Nenning. "The country is waiting for us. We will become Austria's 'Third Force'."

Is he exaggerating? Not necessarily. Unless the formless mass once again splits up into a plethora of sects, it does indeed have good prospects during the next elections of overtaking the present number three party, the FPOe, and to achieve what would be the biggest change in Austrian politics in about 30 years. Pessimists among the camps of the SPOe and the OeVP are already counting on 15, maybe even 20 Green delegates.

The Green movement's biggest handicap has in the past been its failure at unification. Rather than dealing with their adversaries, the protectors of the environment prefer dealing with like-minded people, and only secondarily with others--and then mostly in a hostile manner.

Even their hasty beginnings degenerated into chaos. It occurred in the summer of 1982, when Hamburg's Alternative List grabbed a sensational nine seats in the Landtag elections and briefly caused the established parties a major upset. The many Austrian Green-tinted clubs and associations hoped for the same type of surprise win. Still wet behind the ears and totally at odds among themselves, they leaped into the 1983 election campaign.

Literally from one day to the next they founded three dozen new parties which they called all manner of faintly appropriate names, some of them even in duplicate. All at once Austria had, apart from all kinds of Green platforms, unions and fronts, a "Green Movement," as well as "The Green Movement;" a "Party of those without a Party" as well as a "Non-Party Party" and two "Parties of Non-Voters.

Observers of the Green scene justly referred to the participants as "a bunch of exotics" (DIE PRESSE). Among the ambitious founders of parties there were indeed some grotesque characters, among them a former porno filmmaker, an old-time Nazi and a self-declared admirer of Khomeini, who professed to be living in turn in Munich working as a hypnotist, at the Egyptian-Sudanese border as a hermit, in Styria as an organic farmer, and atop the 2693 meter Zugspitze as an astronomer. The Green spectrum, which was allegedly the common denominator, extended in effect from darkest black to deepest red, with a goodly number of brown inserts.

In contrast to the German newcomers, who took 3 years to get organized and then proceeded to win elections, the Austrian ones tries to win elections first and organize later. There was no way in which this could work. In a coalition, the two new parties which eventually became parliamentary candidates, the conservative-oriented "United Greens of Austria" (VGOe) and the leftwing-anarchist "Alternative List of Austria" (ALOe) would very likely have succeeded in crashing into the parliament. Separately, however, they failed despite the respectable total of 160,000 voters, who would have accounted for seven seats.

Nor did the next few months see an end to this internecine warfare. On the contrary, there were endless conferences, screaming sessions, chairman firings, fraction conspiracies, housecleanings. As the KURIER jokingly stated at the time, "the only difference between this and policy fights in the Albanian or South Yemen communist parties is the fact that during their meetings no firearms come into play."

Nowhere in sight was a unifying personality of the stature of Petra Kelly. Nobel Prize winner Konrad Lorenz, of wild goose fame, wanted no part of it--he considers any Green party as being a contradiction in terms, "inasmuch as protection of the environment is a necessity and not a subject for party policy." The painter of spirals, Friedensreich Hundertwasser-Regentag could not be seriously considered since he spent too much time in foreign countries or in the compost toilets of his green [painted?] roofs.

Some commentators dismissed the phenomenon of the summer of 1984 out of hand, but prematurely. The Austrian Greens seemed to have disappeared, died after a short but tumultuous life. Lacking such inflammatory causes as Brokdorf, Gorleben or NATO counterarming, they had no opportunities for public appearances.

But only a few months later, in December 1984, the crowd which had been believed dead and buried underwent a glorious and probably decisive renaissance. Since that time, it has been considered the most interesting factor of domestic politics.

Abiding in this rebirth were specifically those politicians who were in fact the least interested in doing so--the ministers of SPOe Chancellor Fred Sinowatz. Their careless decision in favor of the Hainburg Danube power plant provided the Greens with a popular cause which they had so sorely missed previously. Finally they could play the role of environmental protectors who could be taken seriously.

Their proclamation for saving the "last undisturbed meadowlands in Europe" found an echo from tens of thousands of nature lovers from all political camps, mostly students, but also from laborers, cantankerous intellectuals, and animal-loving grandmas.

Unity is Mandatory

The Hainburg meadows were also the locale where the confused Greenery found two cult figures who, while not necessarily statesmen, are suitable for engaging in practical politics: Guenther Nenning and Freda Meissner-Blau.

Nenning, 65, former president of the journalists' guild, is the "grandpere terrible" of Austrian Marxism who projects an image of great vanity and equally great intelligence. He knows all the tricks of conducting negotiations, loves dealing with great ideas, and possesses sufficient stage presence to be well accepted by the young people. He is, in other words, eminently well suited to reduce the numberless Green warriors to their common denominator.

Freda Meissner-Blau on the other hand, also a product of the Left, sees herself as the Joan of Arc of the political protest potential, which no longer has anything in common with the tired officials of the major parties. Though close to sixty, she makes good use of her attractive appearance. "She is not only beautiful, but also really brainy; she does not do anything she does not firmly believe in," enthusiastically comments author Erika Molny. Austrian TV commentator Barbara Coudenhove-Calergi sees her as "a mixture of a real lady and Mother Courage."

Inasmuch as the Battle of Hainburg ended in a clear victory for the unified meadow protectors, even the most oddball individualists among the Greens realize that unity is mandatory. This of course is easier to demand than to bring about.

Things went relatively smoothly in the presidential election. When Freda Meissner-Blau campaigned for the top job of the republic, along with Kurt Waldheim, Kurt Steyrer and Otto Scrinzi, she gathered all the Green votes almost automatically. Ideological differences of opinion were not a factor anyway; a rejection of the dreary establishment was to everybody's taste, as was the demand for full equality for women. In the radioactive Chernobyl rain, white-haired Freda was the candidate of choice for all the little Green splinters, without exception, regardless of whether they were conservative or Marxist, on the extreme right, the extreme left, or entirely outside.

The result: a "lovely, immeasurably satisfying success story" as Freda Meissner-Blau puts it--almost a small miracle. The home-grown election campaign, lacking direction and funds, resulted in a sensational 259,471 votes for the Greens, or 5.5. percent of the total, putting them into an excellent position for the forthcoming National Council elections. Provided, as stated above, that there is unity. However, National Council elections are not the same thing as presidential elections. Ideology plays a big part here; conflict situations proliferate daily.

Actively supported by established Salzburg civil rights activists Herbert Fux and Johannes Voggenhuber, Guenther Nenning serves as a full-time itinerant preacher of peacefulness, his slogan being "The mule must grope its way in the fog." He implores, calms, mothers the excitable young troops and indeed uses the patience of a mule in an effort to mold the incredibly variegated mass of Green voters into some semblance of a collective political party.

Some progress, however unsteady, has indeed been made. A well-prepared "unity congress" will take place in "historic Hainburg" on 25 and 26 October, during which the verbally agreed-upon pact between the "United Greens of Austria," the "Alternative List of Austria" and Nenning's own "Citizens' Initiative Parliament" (BIP) is to be signed. Nenning is hoping for others to join up also.

It is obvious that the program for such a marriage of convenience between heterogeneous partners cannot turn out to be exactly succinct. It proclaims "Unity in Diversity," whatever that may mean, and resembles a Swiss cheese with an overabundance of holes. Real fusion appears impossible for the near future, since the leftwing fellow travelers aim to overthrow the entire social system, while the rightwingers are more interested in building wider driveways to their suburban villas.

There is not even agreement about whether or not to become a part of the government. Johannes Voggenhuber regards any type of a coalition as spelling "the death of the Green movement." Guenther Nenning on the other hand is in favor of "taking political responsibility," and visualizes limited cooperation with the established parties.

But what good is all that? Differences of opinion of that sort are of little practical significance anyway. For their part, neither the OeVP nor the SPOe are interested in flirting with the Greens. The problems of the next legislative period are much too important to them to be entering into a coalition with the unpredictable political novices. Both Franz Vranitzky, the present Red head of government, and Alois Mock, tomorrow's potential Black federal chancellor, prefer putting their trust into cooperation between the two big parties.

And in the end, this is beneficial--for the Greens as well as for Austria. Vienna already has an overabundance of parliamentarians who have become smug and lazy as a result of being in power. An opposition by the united Greenies, who it is hoped will remain united, would provide a new opportunity for the tired red-white-red democracy.

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CONSERVATIVES MEET, PLAN OPPOSITION STRATEGY FOR FALL

Helsinki HELSINGIN SANOMAT in Finnish 5 Sep 86 p 10

[Article: "Conservative Group Threatens Interpellation in Fall"]

[Text] Rovaniemi--Chairman Ulla Puolanne of the Conservative Party's parliamentary group alluded to the weapon of interpellation in opening the group's summer meeting on Thursday in Rovaniemi.

According to Puolanne, the Conservative opposition may exercise its parliamentary rights in the fall by means other than initiatives and protests.

Puolanne would not consent to disclosing the subject of a possible interpellation. However, there are many subjects of an opportune nature for the opposition, from the growth of unemployment to general economic policy.

The Conservatives have introduced two interpellations during the present election term: one on the 1984 youth and family policy and one last spring on the government's handling of the Chernobyl incident with regard to informing the public.

Otherwise, Chairman Puolanne had outright difficulties in attacking next year's budget proposal, which was just made public by the government. Puolanne had to admit that "the budget's areas of emphasis are even acceptable to the Conservatives".

Puolanne enumerated the budget's positive aspects: an increase in the upper limit of the child care deduction, increasing the property tax deduction, and increasing reserves for research as well as education. But she also found things to criticize. Puolanne considered it Pharisaism that the government compares the final sum of its budget with the state's cash payments for the current year or with the actual budget including supplementary budgets.

In Puolanne's opinion, the only correct point of comparison is this year's actual budget since several supplementary budgets will be compiled next year also. Puolanne said that Esko Ollila is continuing Ahti Pekkala's series of seven budgets since, calculated in this way, next year's budget proposal will mean a 5.5-percent real increase in expenditures in comparison with the current year. In the years 1982-1986 the state's real expenditures increased slightly more than 5 percent annually.

"Budget Is Unrealistic"

Mauri Miettinen, the group's vice-chairman, and Pertti Salolainen, chairman of the finance committee, criticized the government's budget proposal even more severely than Puolanne did. According to Miettinen, the budget proposal is overly optimistic, unrealistic and, in addition, it will not promote employment.

Salolainen argued that the government's economic policy will fail in two issues: the government has not remained within the objective that the tax scale cannot be raised by more than 1 percent by the end of 1986. Also the government has not been able to restrain unemployment.

"Small and medium-size enterprise did not actually receive anything in this budget proposal either," stated Salolainen in referring to their importance as providers of employment.

Puolanne also criticized the government for the fact that it completely forgot other smaller businesses while remembering the exchange-listed companies.

Puolanne complained the most about postponing the marginal tax reform. "Changing the tax structure seems to be an overwhelming task for this government," she said and reiterated the Conservative Party's traditional marginal tax goal: at least half of a worker's wages should remain in the hands of the worker.

In the budget stand it adopted, the Conservative Party's parliamentary group stated that Finland's economic situation is considerably more serious than one would like to admit. According to the stand, with the economic policy it is implementing the government is primarily responsible for the fact that in the money and interest markets there now prevails an unstable situation which is particularly fateful for small and medium-size businesses in a weak financial position.

Objections to Parliamentary Ombudsman Deals

The Conservative Party group also discussed the elections facing the parliamentary ombudsman. When Jorma S. Aalto (Center Party member), the previous holder of this position, was appointed the new Attorney General, as far as is known, an agreement was reached between the Center Party and the Social Democrats that Olavi Heinonen (Social Democrat), a member of the Supreme Court, will be the new ombudsman. The Conservative Party group has strongly disapproved of such a deal. In addition, the group considered it inappropriate that the Social Democrats completely control the office of the ombudsman and, correspondingly, the Center Party controls the office of Attorney General.

Assistant Ombudsman Klas Ivars is a member of the SDP and Assistant Attorney General Jukka Pasanen is a member of the Center Party.

The meeting of the Conservative Party's parliamentary group will continue today on Friday. The group's position on employment legislation, among other things, will be adopted today.

10576
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PRESIDENCY ISSUE ROILS POLITICAL WATERS

Sartzetakis Statement

Athens I KATHIMERINI in Greek 19 Sep 86 p 1

/Text/ The president of the Republic gave categoric assurance of his (self-explanatory) obligation to serve his full 5 year period in office in a conversation with reporters who accompanied him during his official visit to the People's Republic of Germany.

The new declarations of Mr Sartzetakis gave the impression in terms of content and fact that the president of the Republic has assumed the defense of his prestige, evidently not being happy by the coverage provided by the government. What made this evident is that Mr Sartzetakis did not limit himself to conveying the assurance of Mr Papandreou (that he was elected for 5 years), but went further, stating that he is not willing to play with the institutions.

Warning

Note that the likelihood Mr Sartzetakis will resign from the presidency before his time is up (March 1990) in favor of Mr Papandreou for the most part had been published in newspapers as a scenario promoted by the prime minister.

The scenario also has been denied by the prime minister who even appealed that the function of the institutions be maintained. The fact that yesterday Mr Sartzetakis recorded but also went beyond the assurance of the prime minister gave the presidential declaration not so much a character of denial as much as a warning in every direction.

About "Presidency Speculation"

Besides, with his statements yesterday, Mr Sartzetakis returned to the subject of disorienting public opinion through speculation on the presidency, somewhat changing his position as stated last Monday. While at that time he avoided to define the source that is directing the speculation on the presidency, he asked the reporters yesterday to judge whether the speculation on the presidency is a "disorientation operation".

Sartzetakis' Declaration of Independence

Athens I KATHIMERINI in Greek 20 Sep 86 p 1

President Mr Khr. Sartzetakis surprised us again during his return from East Germany with his new statements. It is the second "open conversation" with reporters who accompanied him, this new "kind of opening" to the press that he established during his trip to East Berlin.

The immediate target of the second "presidential confession", within a few days and characteristically revealing, made to the reporters was, naturally, the categoric assurance of Mr Sartzetakis that he will stay for his full 5 year term. "It is not a matter of planning, he said, for me to stay for the full term. It is a matter of duty". He added with emphasis:

"Sartzetakis was elected for 5 years as the prime minister also repeatedly has stated. And not of course because the prime minister said it. It is a matter of institutions. Understand it. Come to the presidential palace and take my photograph on 31 Mar 90."

Open discussion with an open invitation for longevity but with a certain time limit. Nevertheless, as a fact and on the basis of its specific content, in form and expression, this categoric statement of Mr Khr. Sartzetakis, even though it is self explanatory, leaves the impression that the president of the Republic has decided at this point to assume the defense of his prestige as leader of the nation. Even though he cites the prime minister's assurances regarding his serving his full 5 year term, evidently in any case he is not satisfied with the coverage provided for him by the government whenever "subjects" are published in the press against him. And they are published often and indeed primarily by pro-government newspapers. Such as, for example, the familiar scenarios that Mr Andreas Papandreou will move from the Maximos Building to the Presidential Palace, at least topographically the distance is minimal, before Sartzetakis' 5 years are up, etc. etc.

So it is correct to describe or rather it is correct to interpret the categoric assurance made by Mr Khristos Sartzetakis the day before yesterday also as a warning in every direction, since anyhow, the president of the Republic, even though he refers to the assurance of Mr Papandreou, surpasses it and goes even further.

We would add something else to these evaluations. That 17 months after he was swore in, Mr Sartzetakis, while performing the duties of the leader of the nation, becomes different, apostatic and independent of the protection of the government that picked him and elected him with the support of its former at this point supporters: "other democratic forces".

We believe that this move toward independence is the most important element in the presidential assurance made the day before yesterday.

Papandreou's Reported 'Escapism'

Athens I VRADYNI TIS KYRIAKIS in Greek 7 Sep 86 p 14

/Article by Titos Athanasiadis: "The Escape 'Syndrome' "/

/Text/ "I can't any more....I can't take it. Do what you can." (A. Papandreou to the ranking officers of his office. Friday, 29 Aug 86.)

Rarely has a prime minister of Greece come to such a point of despair as became obvious from the phrase he said last Friday night when the Presidency of the Republic, through Mr Papakarya, bothered him with a telephone call from Khalkidiki to ask him to intervene with Channel 1 so that they would air the entire text of Mr Khr. Sartzetakis' speech to the fathers of Agion Oros.

The spontaneous reaction of Mr Papandreou to the pressure from the Presidency of the Republic is not only revealing simply of the unplesantness it caused the prime minister because of the peculiar attitude of the supreme leader.

It also reveals the general psychological condition to which the president of the government has come because of the continuous "annoyances", "refusals" and "differentiations" of the tenant at Irodou tou Attikou that have made so difficult the relations between the two leading factors of the regime to have caused repeatedly talk about "friction".

The New Laocoon

The truth is that never before in peacetime has the prime minister of this country had to face so many complex problems that he himself created as Mr Papandreou.

Especially since last summer, these problems "are drowning" the prime minister like another Laocoon. The state of the economy of the country has worsened to a dangerous point. The disagreements on how to cope with this have multiplied. And in order to tame the situation, Mr Papandreou removed first class officials from the government and the party, headed by the former "tsar" of the economy, Mr Ger. Arsenis.

The course of frugality that he imposed later enraged the people and aroused labor union and party officials of the base that were handled in a raw manner by a party that boasted it was democratic.

His Disciplinary Council was transformed to a committee that reminded us of the time of the "Spanish Inquisition" and "Stalinism". The victims were sent to hell before they could defend themselves, without being called to speak for themselves.

Consequently, the autocracy of the leadership caused new centrifugal tendencies until it imposed itself. Because finally, of course, the leadership imposed its view on those who remained after the "exemplary" purging of the dissenters.

And all this while the general social turmoil was coming to a head.

There were, however, other matters of equal importance that brought the simple followers of PASOK in contrast with the leadership and the intense creation of problems to Mr Papandreou. The revelations regarding the luxury and extravagance of the leading officials of the government, the ministers and the officials of the movement. The scandals that involved second and third rate "wheels" of the "green train", the scandals of AFREX /Greek Agricultural Products Export Company/, the Farm Cooperatives, PYRKAL, DEI /Public Power Corporation/, and a multitude of other government companies and organizations.

The intraparty intrigues that led to the detachment and dissolution of the "troika", by the demotion of Mr Gennimatas, the removal of Mr Mangakis and Mr Laliotis from the government, the displacement of Mr Koutsogiorgas by Mr Tsokhatzopoulos, the litigation against the ministers (Papadimitriou, Tzoumakas) etc. Facts that by now have convinced us that "the train is not pulling".

The "Sun" Sets

The "legend" that Mr Papandreou created for ten years about himself and the "myth" his followers developed about him are declining. The sun of PASOK is retreating. And its rays are being extinguished one by one by the shadow of the continuously arising problems.

Papandreou no longer is convincing as the "magician" who will revive the economy. Dark thoughts are made that he might prove to be its undertaker. And PASOK is turning into a comet.

After he traced an amazing orbit shining upwards, he has now taken a downward direction being extinguished at an accelerated pace.

The "Limits of Endurance"

Consequently, the "explosion" of the prime minister because of the episode with Mssrs Sartzetakis and Papakaryas is explicable. It is not, however, justified.

It is explicable because those in power are humans with all the human weaknesses and faults. And especially with "faults" of "limits of endurance" and the manifestation of psychic phenomena related to the "organization and coordination of the nervous functions of their bodies".

It appears that Papandreou at this point lacks the necessary stamina to cope with so many problems. And the worse thing: he is possessed by escapism as expressed either by putting the blame on others ("do what you can" "I acted simply as president"), or by trying to move the attention of public opinion to other matters (e.g. the movement for peace and disarmament).

The ability of Mr Papandreou to put the blame elsewhere is unique. One has just to remember that he always would put the blame for economic failures on other shoulders (Lazaris, Dretakkis, Arsenis).

Besides, one could claim that the transatlantic trips of the prime minister to Mexico, Canada, the Azores and his wanderings in China, India, Singapore etc. is an acute expression of escapism that he has and that caused him the explosive internal problems that he and his collaborators created.

The "escape syndrome" leads the politician to divest himself of power. To what extent this is the wish of Mr Papandreou is unknown, at least at the present time. The appearance, however, of various scenarios, especially in the press that favors him, stresses the hypothesis of his desire to divest himself of power.

The most prominent positions in the circle of these scenarios are held by the speculation on the presidency (the "scenario" that Mr Papandreou is aiming for the Presidency of the Republic), the alleged "conspiracy" of the Right and the USA for a "government of national salvation", and the monstrous "report" that saw the light of publicity in a newspaper controlled by Kastri that it is possible for Mr Papandreou to be proposed as General Secretary of the United Nations!

Keeping in mind that the present Secretary General of the United Nations, Mr Cuéllar, is leaving in September, it is easy to realize that the report regarding the thoughts about Mr Papandreou is "coordinated" with the time that follows the municipal elections. A time when the problems will be multiplied for the prime minister because of the expected unfavorable electoral result and the programmed new tough frugality measures that will further aggravate the popular wrath and inevitably will reinforce Mr Papandreou's tendency to escapism.

Therfore, if the report of the progovernment newspaper becomes reality, Mr Papandreou's escapism would have worked entirely as a catalyst.

9346
CSO: 3521/4

PASOK, ND CASTIGATED ON DIVISIVE TACTICS

Athens AKROPOLIS in Greek 7 Sep 86 p 1

[Text] Never indeed was the exercise of power--especially in the two large parties--so divisive as in the present Greek political scene.

What do we mean? Very simply, what we have seen--to cite an example--last week: on the one side we saw Papandreou unequivocally threatening PASOK cadres during the party's Central Committee meeting when he said that "whoever disagrees should walk out," or "he should desert the train." On the other side we saw Mitsotakis scolding Varvitsiotis in the ND Executive Committee for the position he has taken on the simple proportional [electoral system] and the need for national cooperation. In other words, in the behavior of both sides we have ascertained a coincidence in the manner, perceptions and tactics used to lead the two parties.

Papandreou rejects any proposal for national cooperation and political consensus, characterizing them as "interactions of rightist circles" and believing that it still possible for him alone to govern and for him alone to face the great national problems...It is his business and his right to insist on self-illusions regardless of how dearly the people have paid for them and may still pay more dearly if we do allow such demagogies to prevail as a result of our tactics.

What concerns us is the policy ND follows and the Mitsotakis decisions and notions. It is a fact that he too hopes and believes that he is capable of winning by himself the elections, castigating at the same time the party members who support national cooperation that they provide help to the PASOK bankruptcy. We shall not overlook the fact that there is logic in such notions.

Since Mitsotakis made his decisions in the face of the forthcoming municipal elections, we will remain by his side for the good of the country and for ND victory. But we will disagree with his characterizing as supicious and helpful to PASOK the supporters of national cooperation.

Whether we agree or disagree with the need for national cooperation it is not feasible to discuss it presently since, for better or for worse, Mitsotakis chose the ND electoral policy and also assumed its responsibilities.

Whether he is right or wrong it will be demonstrated by the municipal elections which will also determine future decisions.

We must say, however, that the champions of national cooperation think and act the same as Mitsotakis does for the good of the country and ND. For this reason the characterizations about support to PASOK--by these champions--are very unfortunate. Therefore, a different mentality is needed in the intraparty discord. While in the case of Papandreou any autocratic and antidemocratic behavior lies within the framework of the totalitarian logic of the PASOK movement, a similar logic should not be permitted to prevail in ND which is a pre-eminently democratic, pluralistic party where polyphony and dialogue should reign. Moreover, this is the basic message we aim to pass on to the people--that indeed we are the opposite of the PASOK authoritarianism from which we want to be freed.

Therefore, just as there is logic in the Mitsotakis assessments, so is thee also logic and concern in those who support national cooperation and the simple proportional electoral system. They, of course, believe that responsibility for today's multi-dimensioned crisis through which the country is passing lie heavily and exclusively on government irresponsibility, just as responsibility for getting out of the crisis lies heavily on both the government and the major opposition.

It is for this reason that supporters of national cooperation disagree with the divisive policy of the government and the electoral systems which lead to polarization.

7520
CSO: 3520/3

BRIEFS

PAPANDREOU SON'S ALLEGED ANTI-EEC STANCE--Referring to information circulating in recent months, according to which Giorgos Papandreou stated that a strategic goal of the PASOK movement is Greece's departure from the EEC, honorary ND Chairman Evangelos Averof made the following statement: "Given the fact that this is a member of the government who is the prime minister's son, and also the fact that this sound of the bell has been heard from other PASOK sources, the deputy minister of culture must immediately clarify his stance on the issue of Greece's remaining within the EEC. It is in the EEC that the Greek economy has found support in recent years, and it is to the EEC that it is looking today in order to emerge from chaos. Even the most minimal reservation is not allowed on this important issue by a member of the government." [Text] [Athens I VRADYNI in Greek 12 Sep 86 p 3] /9365

PAPANDREOU'S DISDAINFUL STANCE CRITICIZED--Sincerity was not Mr Papandreou's only quality during his stay in Salonica. He also demonstrated that, as a true Greek, "he proudly resents criticism and rejects opposition." Every time that an opposition newspaperman (from the right and the left) dared to ask a question, the prime minister put him in his place: he would answer him disdainfully, addressing him in the singular (the Greek singular denoting the majesty of the speaker), threateningly shaking his finger at him with an ironic smile. The words were spoken slowly, the tone went up at those points signifying his rejection of the argument, the small esteem in which he held his interlocutor and his derision of the questioner, who was being faced, not as a newspaperman, but as the embodiment of Mr Mitsotakis, Mr Florakis, Mr Kyrkos: Mr Papandreou was intentionally offending the leaders of the other parties and not the newsmen. To the latter he was showing he is street-wise, a heavyweight and impossible to face. The many photos that have been published of Mr Papandreou and his followers dancing Greek popular dances as if in ecstasy have convinced us that he is a man of the people. Further proof through television is indeed unnecessary. [Text] [Athens ANDI in Greek 12 Sep 86 p 8] /9365

CSO: 3521/10

WILLOCH SEEN EAGER FOR FALL SHOWDOWN WITH LABOR GOVERNMENT

Attacks Government on Economy

Oslo ARBEIDERBLADET in Norwegian 6 Aug 86 p 6

[Article by Oivind Nielsen: "Willoch is Ready for the Fight"]

Kare Willoch is currently rolling up his shirt sleeves and getting ready for his role as the leading opposition leader in this fall's great political test of strength--the national budget for next year. The main message is this: "We want cooperation regarding changes in the tax system and the economic arrangement for next year, but with clear conditions."

The previous Prime Minister told the young party cadres at the Young Conservatives' so-called elite course in Reistad near Drammen yesterday: "The non-Socialist government had decided to continue the tax reform work in the national budget for 1987. We wanted to work together with the opposition in this regard. After the change in government the discussions between the Labor party and the three non-Socialist opposition parties did not continue. We are willing to meet again if the government wants cooperation."

Compromise

At an informal press conference after the meeting with the Young Conservative elite Willoch was asked which basic prerequisites must be present for the government and the opposition to be able to reach a broad compromise regarding the tax policy and the economic retrenchment measures in the national budget. His answer indicates a hard tug-of-war when the Storting will start its budget discussion in October.

"We will agree to a certain increase in that part of the income taxes which is calculated from gross income, i.e. before deductions on the tax return. But this presupposes a larger reduction of that part of the tax which is calculated from net income, i.e. after tax deductions. In other words, the marginal tax must come down, so that we can get equally high revenues for the state with lower tax percentages than now."

According to Willoch it is the attempt from the Labor Party's side to carry out only the first part of this operation--and there the result will be increased taxes which the Conservatives do not want to go along with. He also warned against proceeding to fast in changing the tax system to avoid unintended side effects, and he emphasized that one must avoid tax changes which hinder efforts and initiative. On the other hand, Willoch would agree to certain tax increases which reduce consumption.

As to the other main features in the economic arrangement for 1987 Kare Willoch considered it crucial that the economic cuts must also be directed against public consumption.

Warns Christian People's Party and Center Party

"I want to warn against promises to shield one public sector after the other. The politicians must take their share of responsibility , not only send the bill over to the taxpayers. We do not do people a service by preparing for a national budget which only makes it worse for them later," said Willoch, and at the same time issued the following warning to his partners he works with:

"I must admit that I get concerned when I see how also individual non-Socialist politicians continue to make promises for an increased use of funds which are no longer there."

In response to the question whether he was referring among others to the previous Assistance Minister Reidun Brusletten's warnings to the Labor Party not to touch foreign aid, he said:

"I see no reason to mention political colleagues. But it is clear that if we use more for foreign aid, we have to borrow more abroad. If we borrow too much, we can end up in a financial crisis in a few years from which it could be difficult to get out of again."

Says Labor Deceived Voters

Oslo ARBEIDERBLADET in Norwegian 6 Aug 86 p 6

[Article by Oivind Nielsen: "Willoch Comes Out Against Labor Party: Deceived Voters"]

[Text] "The Labor Party promised explicitly to carry out its guarantee to the voters regarding expensive reforms, even if the oil prices should fall. They must have understood that this was impossible, but promised it anyhow. Therefore, one must state that the Labor Party pulled the wool over the voters' eyes before the change in government," former Prime Minister Kare Willoch told the press after his speech at the Young Conservatives' elite course at the Conservatives' school yesterday.

Kare Willoch called this a planned break of promise, and maintained that it is quite incorrect to say that it is the increase in consumption in 1985 which makes it impossible to fulfill their election promises.

Disinformation

He accused the Labor Party of spreading disinformation regarding the development before the devaluation, which he called unfortunate:

"The Norwegian economy was strenghtened considerably during the Conservatives' government period, but the fall in the oil price has sharpened the risk for a deep, serious economic crisis. The currency reserves were also strenghtened considerably. They were large, and much larger than when we took over, since the fear of a Labor Party government and later the change in government deepened the mistrust of the value of the Norwegian kroner which triggered the devaluation," said Willoch.

Sharpened Tone

According to Willoch the tone in the political debate has become considerably sharper in recent years, something he attributes in part to the fact that new people have come into political positions. In response to the question whether he was referring to Gro Harlem Brundtland among others, Willoch said that he would neither confirm nor deny this assumption. But he said that it had been annoying to experience this form of irritation which has been going on.

"The Labor Party's thoughtless opposition policy with a stream of irresponsible promises that could not be kept and harsh criticism of the non-Socialists over problems rooted in the Labor Party's own government period, have contributed to a harsher climate. And the differences were sharpened by the Labor Party's opportunistic cooperation with the Progress Party, which drove up public expenditures and culminated in our ouster from the government," he said.

Conservatives No to Boycott

In other matters, Kare Willoch is threatening that the Conservatives will be against boycott measures against South Africa which includes a prohibition of manganese imports to Norwegian smelting works:

"It would play even more into the hands of the South-African regime itself since it would result in South Africa refining the ore itself and taking over our markets."

In this connection he warned the Western world against using boycott measures which are so strong that they lead to a so-called siege effect, i.e. weld the regime together instead of pushing it towards reforms.

However, his advice to Prime Minister Maggie Thatcher would be a gradual tightening towards the regime and that she should not oppose the proposed EC-measures. He called her opposition to a boycott so far as "not completely successful."

On the other hand, he believed that Swedish Prime Minister Ingvar Carlsson's attitude could have a good pedagogic effect on those who want to proceed too quickly here at home.

Comments on Hagen Ties

Oslo ARBEIDERBLADET in Norwegian 8 Aug 86 p 6

[Article by Oivind Nielsen: "Willoch Will Go with Hagen"]

[Text] "The economic situation is now so difficult that one should not allow personal differences to get in the way of obtaining a necessary majority for the non-Socialist policy."

This was the answer given by former Prime Minister Kare Willoch to the question whether he believes it is necessary to clarify the non-Socialist parties' relationship with the Progress Party and Carl I. Hagen before the political wind gusts will start in full during the Storting budget discussion in the fall.

Willoch thought that this spring's events have shown that the non-Socialist alternative depends on a non-Socialist majority in the Storting. But he was very cautious in indicating what form the clarification between the Conservatives, the Christian People's Party and the Center Party on the one side and the Progress Party on the other side should take.

Labor Party Newspaper Comments

Oslo ARBEIDERBLADET in Norwegian 8 Aug 86 p 4

[Editorial: "New Signals"]

[Text] Earlier this week Kare Willoch spoke sensibly on the political climate in Norway. In a speech at the Conservatives' seminar center in Reistad he rose to speak to conclude this summer's silly debate on a fall hunt against the government and the possibilities of various no-confidence proposals.

Willoch stated that what nation needs is not that we politicians use the harshest possible words towards each other, but serious discussions on how to meet the enormously difficult economic situation we are in. As mentioned, sensible words, and one can only hope that the negotiations and work of the Storting will be characterized by such an attitude when the representatives will get together again shortly.

However, we have our grave doubts whether it will be possible to let the factual and reasonable discussions dominate over party tactics in a chase for points. Unfortunately, we think that the previous Prime Minister's own statements are an example of how difficult it is to leave the tactical entrenchments.

Willoch brought forward three areas where he would like a closer cooperation. In the main, they were tax reform, oil policy, and above all security policy. Evaluated on the basis of the political debate we have behind us so far after the Labor Party took over, it is the Conservatives who have acted as the most aggressive and combative in these areas. The desire for cooperation which Willoch considers important in a difficult economic situation was very little in evidence when the Storting discussed the government's retrenchment efforts right before the dissolution. The Conservatives planned to twist the retrenchment efforts which would have yielded a reduction for the districts of approximately half a billion kroner. An arrangement which even the Conservatives' previous government colleagues could not accept.

Nor do we think it bodes particularly well for the cooperation possibilities that at the same time Willoch finds it expedient to attack the government's oil policy. His criticism of the government's so-called "new signals" are overshooting the mark considerably.

If it should be so that the government's cautious stand in contacts and orientation towards OPEC should be considered as new signals, yes, then it must be because the previous government had no policy towards OPEC as a whole.

Previous oil minister Kare Kristiansen from the Christian People's Party managed to make international media waves when he proclaimed in a speech in Sandefjord that Norway must limit its oil production in order to contribute to stable prices. A statement which the Ministry of Oil and Energy had great problems setting straight again. But before this had happened the message from the Norwegian oil minister had been registered and commented on in international oil circles, and of course among OPEC. Kare Kristiansen's somewhat unorthodox media initiative was commented on by the influential MIDDLE EAST ECONOMIC REVIEW as a "bizarre behavior". Before that we had experienced the confusion on the Norwegian side regarding Statoil's price reduction, and we had Oil and Energy Minister Kristiansen's famous statement to Sheik Yamani that Norway would not increase its oil production in 1985--in direct conflict with all facts from the Ministry of Oil and Energy.

What is new with the new government is that now signals are coming regarding a policy which will be followed, not random media games. Seen from this aspect Kare Willoch should actually be pleased with the change of cabinet ministers in the Ministry of Oil and Energy.

12831
CSO: 3639/143

FREITAS DO AMARAL CLARIFIES POLITICAL STANCE

Lisbon TEMPO in Portuguese 4 Sep 86 p 2

[Text] We have received a letter from Prof Freitas do Amaral, written to clarify two news items about him that appeared in our editions of 21 and 28 August. The letter is of great political interest, inasmuch as it leaves open the question of whether Freitas do Amaral will support Cavaco Silva when the latter runs against the PSD in the legislative elections. What we conclude from the letter sent to us, is that the former president and founder of the CDS wants to keep a neutral political space open in the mind of the public with a view to his future plans--which could include a run for the presidency in 1991. However, it seems unlikely that Freitas do Amaral would fail to support Cavaco Silva clearly in the legislatie elections. Furthermore, it is significant that although he was in Lisbon, Freitas do Amaral waited to send his letter to TEMPO until 15 days had passed since we published the news items--which were, by the way, obtained from a realiable source. The text of the letter follows:

Freitas do Amaral Clarifies Matters

"1. During the presidential elections when I received support from the PSD and the CDS, I entered into a written agreement with the PSD;

"2. That agreement, signed in October 1985 (not in January of this year as was reported), was an open agreement whose terms and content were publicized; it was not a secret agreement;

"3. Under the terms of that agreement, I promised that neither the candidacy nor its immediate consequence would become the starting point for partiality toward any existing political group or the launching of a new group;

"4. I gave the CDS the same guarantee because it supported my candidacy.

"Finally, I wish to make it clear that in the event that the legislative elections are held ahead of time and that I then take some position with regard to them, it is obvious that I will define my stance only at that point, in light of a specific set of circumstances. It cannot be otherwise, since I am an independent, without any party affiliation, and because I made no commitment as regards future legislative elections."

[Ed Note] Concerning the public agreement entered into between the PSD and Prof Freitas do Amaral, we note that what the former presidential candidate promised (in item 2-d of the terms set out by the PSD) was "that his candidacy and/or the office he might come to hold would never constitute a starting point for partiality toward any existing political grouping or the launching of a new grouping" (sic) while, in his letter to TEMPO he states that what he promised, after all, was that such would not happen either due to the candidacy or to its "immediate consequence."

Concerning the secret agreement that would or will guide him in future legislative elections--elecitons that might be held ahead of schedule--in appealing to the vote in the PSD we understand that Prof Freitas do Amaral cannot confirm a statement that we made, in fact, only on the basis of confidential information. Or that his role as an independent is really, after all, strictly synonymous with absolute neutrality. We shall see.

12830/12948
CSO: 3542/162

CARL BILDT WRITES ARTICLE ON GOALS FOR CONSERVATIVE PARTY

From Industrial to Information Society

Stockholm DAGENS NYHETER in Swedish 4 Sep 86 p 3

[Op Ed article by Carl Bildt, Conservative Party leader; first paragraph is DAGENS NYHETER introduction]

[Text] The gradual transition from an industrial to an information society is going to have political and social consequences dramatically different than those produced by the shift from an agrarian to an industrial society. The earlier transition paved the way for the mass parties and their collectivism. Now the way is being paved for a policy that will have the individual as its starting point, writes Carl Bildt, the new leader of the Conservative Party.

We are on the brink of a new age that will also bring new possibilities for new freedom for individual citizens.

We are gradually leaving industrialism, with its structures, ways of thinking, and solutions, behind us. And what is breaking through in the transition from an industrial to an information society is a policy which, in many respects, differs radically from the one that has predominated in past decades.

The driving force behind this development is primarily scientific and technical development. Along with a number of other new technologies, the almost explosive development of electronics has prepared the way for the information society.

The same thing happened when the old agrarian society gave way to the industrial society. New technology and new thinking laid the foundation for the era of large-scale production in material terms and the mass approach in human terms that industrialism came to be.

The approach to large-scale mechanical production that characterized the early days of industrialism had its social counterpart in the collectivism that came to undergird the emerging labor movement in particular. Marxist policy was little more than a social plagiarizing of the production line and the supposed rationality of industrial central control.

Industrialism has given us material prosperity that no one could have foreseen a century ago. And when the economy threw off the restrictions of the guild system and obtained its freedom, the foundation was laid for the political freedom that made democracy the natural form of government.

The industrial era was also the era of extreme faith in rationality. And its basis was the teaching by the natural sciences that everything could be cut up, studied, and predicted down to the last detail. So-called social engineering, which has periodically made itself so strongly felt in Sweden, was one of the consequences of that conviction.

We are now on the threshold of a development phase that is presenting completely new demands. Its political consequences will be far more radical than most people currently suspect.

Where the industrial society encouraged centralization, uniformity, and large-scale production, the information society is going to pave the way for decentralization, dynamism, and a wealth of variation.

Developments in regions, countries, and localities that are currently in the forefront of global change prove this. It is not primarily big firms, big government agencies, and big organizations that are blazing a trail into a new era: it is small firms, groups, and networks that are doing so.

That is how it has always been in important transitional phases. Change breaks through from below as a result of free initiative and the assumption of responsibility by individuals and is therefore seen as a threat to established interests, patterns, and structures.

This means that the gradual transition from an industrial to an information society is going to have political and social consequences dramatically different than those produced by the shift from an agrarian to an industrial society. The earlier transition paved the way for the mass parties and their collectivism. Now the way is being paved for a policy that will have the individual and his unique desires, dreams, and conditions as its starting point.

In the United States, 22 million new jobs have been created since 1975, and 80 percent of them are in small and medium-sized firms. Even though only a small number of those new jobs were created in high-tech firms, their importance to the dynamics of development is very great.

The pace of change is rapid. In parts of the United States, the average life of a high-tech firm is 4 years.

During the same period, development in West Europe has resulted in the loss of 9 million jobs. The West European economies have not been able to take advantage of the dynamics of development.

And in Sweden, it has been possible to keep employment up only by an expansion of the public sector which now has to stop because the tax requirements it breeds have become a direct threat to society's economic and social development.

That development in particular, which incidentally can easily lead us into massive unemployment, calls for a new policy.

In the new age now emerging, collectivism will stand out as a dangerous error. A policy based on the early industrial society's ideas about large-scale production and centralization will not be able in the long run to resist the demands of people and development, but it is still able to do a lot of damage.

Arne Roth has talked about "the welfare state's economic, social, and intellectual stagnation" in an attempt to point out the dangers that outdated structures represent for a future-oriented policy. And on that point, Lorenz Lyttkens recently noted that as we leave the industrial society behind us, "traditional solutions to problems and management methods will become obsolete. They are not working especially well now, and they will work even worse in the future."

And this is happening on a global scale.

In many Third World countries today, the failure of collectivist policy is tragically obvious. In the Africa of the 1980's, the victims of collectivist agricultural policy can probably be counted in the millions, just as was true in the Soviet Union in the 1920's.

In both China and India--those two global giants--policy is now being changed in a liberalizing direction. And the favorable results have not been long in coming.

It hardly needs pointing out that this change constitutes a mortal threat to the Soviet Empire's closed societies and a new opportunity for free societies.

The Stalinist model of development attempted to create a "superstate industrialism" with big steel mills and big concentration camps. The results are well known. And it will never be able to cope with an era in which success depends not on centralized steel combines but on the decentralized and free dissemination of information.

For West Europe, this new development represents a challenge. Europe does not want to become "the third industrial revolution's first colony," as it was recently expressed in the European Parliament. And Europe knows that what is required to a large extent is a new policy.

Developments are also placing entirely new demands on Sweden. The question is whether we will be able to pave the way for the transformation of old structures and systems that is now required--or whether, a few decades from now, Sweden will stand out as the country of lost opportunities.

In Swedish politics and in the public debate, there is too much emphasis on safeguarding what has already been achieved. The Social Democratic Party's election campaign last year, for example, was a massive battle to conserve and defend a model of society with unmistakable features of the 1950's.

Safeguard! Defend! Stop! Protect! Those were the watchwords for the policy that looked back instead of forward.

But standing still in a time of change means moving backward. A policy of resisting change can easily become a policy that will gradually lead Sweden down the same slope which has turned parts of Great Britain into the tragic and increasingly disintegrating remains of a time that is gone forever.

In the latest economic survey from the OECD, it is shown that the combined tax burden in West Europe is starting to move downward for the first time in several decades. The drop is not dramatic--but the break in the trend is.

More and more countries are realizing that new times demand new policies. And a policy of emancipation calls for a more reasonable tax burden, freedom for initiative and the assumption of responsibility, stimulation through competition, and mobility allowing people to take advantage of the new job opportunities provided by development.

It is a question of pursuing a policy on the individual's terms, not those of the collective. The reason is that the old attempt to divide people up into classes, categories, and groups has lost all basis in reality in today's Sweden.

We no longer want to be treated like standard components in a regimented collective. Any policy that is based on a standardized classification of people and families into classes, categories, or groups will be a threat to the freedom of individuals and the future of society.

When those rigid pyramids are torn down, new jobs and new alternatives will be created. Freedom of choice will suddenly become a reality. It will be possible to live on one's salary or wages. The hidden rule which exists as a result of the public monopoly in many areas and which bans many women in particular from certain occupations will disappear. Medical treatment and day care will be a matter not of large-scale operations and standardization but primarily of variation and freedom of choice.

But Swedish Social Democrats are still standing unimaginatively on the same old spot. The party platform's Marxist demand that "all economic activity be harmonized with a planned economy" remains the alpha and omega.

When a so-called platform for the future was adopted at the last party congress, it was so dull and scanty that it was forgotten the second after it had been adopted.

And perhaps it was typical that last year the Nordic Museum sponsored an exhibit that revolved to a great extent around the importance to Sweden of various Social Democratic ideas. A party whose ideas are in the process of being relegated to ethnological museums has its future behind it.

An increasingly obvious air of dustiness surrounds the Social Democrats and their policy in the new era that is now emerging.

In his biography of Per Albin, Anders Isaksson compared today's Social Democrats with the "patron saints at the turn of the century." Back in those days, they reacted to the demands of a new era by shouting from the housetops that every change was a change for the worse, and today's satisfied Social Democrats are doing the same thing.

I am convinced that only a policy with freedom as its lodestar can now keep Sweden from becoming a country of lost opportunities.

But the emancipation that this requires in the various areas of national life must go hand in hand with a firm commitment to the social, cultural, and human solidarity that government support systems can never replace.

In a time of rapid change, there is a greater need for such commitment--otherwise we run the risk of losing our foothold. And the need to assume responsibility across the boundaries of generation and nation must take into account, in a different way than heretofore, the need for an undisturbed natural and cultural environment.

That is what gives our party its unique strength in the debate over the future. Our policy combines emancipation and commitment--a passion for emancipation and the assumption of responsibility.

We are the party of freedom, and therefore of the future as well, in Sweden.

Economic World View Criticized

Stockholm DAGENS NYHETER in Swedish 5 Sep 86 p 2

[Commentary by Johan [last name not clear]: "Bildt Feels the Stroke of History's Wing"]

[Text] A new party leader is usually greeted with both respectfulness and exaggerated expectations. It is as though the new man possessed everything the previous leader lacked: so it is that the trend is always to move closer to perfection. And so it is, also, that the characterization of Carl Bildt, at least on the editorial pages of some nonsocialist newspapers, has at times approached the panegyric.

But the harmony did not last long. Per Ahlmark, who has been increasingly absent from the public debate as a result of his illness, saw to it that Bildt's honeymoon was shortened to just a little over a week. In Tuesday's edition of EXPRESSEN, he fired off an ideological broadside at the new Conservative Party leader, who, in his installation speech at the special congress, dwelt at length on the Swedish "people's soul."

It is understandable that such a thoroughgoing rationalist as Ahlmark should react to Bildt's metaphysical proposition that there is a "people's soul" which has remained essentially unchanged during the millenium that Sweden has existed as a country. Referring to Herbert Tinsten's showdown with patriotic myths, Ahlmark made a clean sweep of the idea that Swedes have always carried within themselves a sense of freedom, a sense of justice, and an openness to the rest of the world which have all put them in a special class among nations, and he punched holes in those bubbles with a frenzy reminding one of Strindberg's "The New Country."

It may be surprising that Bildt chose to begin his career as party leader by striking chords which inevitably remind one of the old-time Conservative Party. Because in his description, those bearing the "people's soul" were the current Conservative Party's predecessors among society's conservative forces, who actually, of course, were reluctant to accept, at a late date, the transition from rule by the upper class to democracy. It was precisely those groups which had an interest in giving freedom and justice a metaphysical content simply to protect themselves from the consequences of the full emergence of democracy.

It is probable that Bildt wanted to emphasize the contrast between him and his predecessor by choosing a philosophical approach far removed from Adelsohn's more intelligible agitatorial style. More interesting, however, is the fact that Bildt's view of history also enables him to pose as a prophet: he feels that he can say with certainty that the Conservatives are "the party of the future." That comes closer to what party leaders usually say. Both in his speech at the congress and in yesterday's article on DAGENS NYHETER's Op Ed page, Bildt expressed a deterministic view of society's development, in which technological changes are said to determine the political balance of power.

Industrialism was the era of the Social Democrats, and the information society will be that of the Conservatives--that is the message in brief. It is a mechanical view which, although it swears the opposite, leaves little scope for individuals to influence the development of society. What we can learn from history, if anything, is that there is a danger in political leaders who think they have the course of history on their side.

To the question of whether he is liberal or conservative, Carl Bildt's stock answer is that he "combines a liberal passion for freedom with a conservative sense of responsibility." But so far, neither the talk about the "people's soul" nor that about technology's advantage over politics has really had a place in liberal ideas. Historical determinism is rather to be found in classic conservatism or in Marxist forms of socialism. And Carl Bildt is certainly not a socialist, as we all know.

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CSO: 3650/306

OZAL'S MOSCOW TRIP SAID PREMATURE

Istanbul MILLIYET in Turkish 1 Aug 86 p 9

[Article by M. Ali Birand]

[Text] Ozal's trip to the Soviet Union ended yesterday. The remainder was meant for sightseeing in any case. Thus an overall balance may well be drawn at this stage.

The question on everyone's lips is "How was Ozal?" Well, it would certainly be unfair to give low marks to the prime minister on the basis of a comparison with previous visits by other prime ministers or with Ozal's visits to other countries - for instance, his performance during the U.S. visit. During his stay in the Soviet Union, perhaps due to fatigue, he was often seen not as brilliant as generally expected of him. Yet, at the same time, we cannot simply conclude that "Ozal was not good", either.

What can certainly be said is that Ozal was not the man we had seen in the U.S. There, he looked like a soccer player on home ground. He was speaking the "same language" with President Reagan, and was "in his element and on top of the situation". Here it was a different world altogether.

Though not present at the negotiations, we can still describe Ozal's performance, based on what we heard from a number of old hands - reliable officials who were present at the table - "as not extraordinary, yet above average."

His expressive style, facility with reducing complicated issues to simplified forms, and, despite his somewhat rigid capitalist line, his "pragmatic" approach, have been received with interest by the Soviets. They may have been preparing to jostle him around a bit, but they could not do it for what they found was a soft-spoken man who constantly gave the impression that he was seeking harmonious relations.

Ozal did not change any of the fundamental policies of Turkey, neither did he speak words that some would consider appeasing. Perhaps his major advantage was his quick grasp of the Soviet way of thinking and his being able to pinpoint those issues which the Soviets consider most important.

He had obviously been extremely well-briefed before the trip. He could be equally at home with balistic missiles as with the intermediate range.

From our point of view the overall shortcoming was that a visit by the prime minister of Turkey to Moscow had not produced so much of a ripple on the international plane, or the kind of repèrcussion one might expect. Some of it may have been due to the absence of a decent spokesman whom Ozal might have brought along, but there is also the inescapable fact that Turkey as a whole - including the prime minister - is not that involved with international problems.

During the trip to Central Asia Ozal was purposefully silent about the Turks abroad. He was fully aware of the sensitivities involved.

Now lets look at the other side of the coin. Whoever is responsible, the prime minister himself should not have agreed to the date of the visit. We have said it before, when the Soviet Union announced the official confirmation on 10 July - just ten days before the start of the visit - it should have been declined saying: "No, this is too short a notice, lets do it in the fall!" Soviet officials do not hide the fact that they expected Ankara to reject their proposal, the short notice being a diplomatic way of indicating the visit should be put off until the fall. They even admit that they did it so as to avoid being the ones to reject Turkey's proposal - i.e., 28 July (or a date between 1 July - 1 August). The reason for all this has been the demonstrations concerning the Bulgarian issue, the demonstrations in front of the Soviet embassy. The Soviets apparently "thought that the Turkish prime minister was coming to fight over the Bulgarian issue."

It seems as if Ozal has either been misinformed or that he acted quite deliberately. Our view is that the visit was initiated without taking adequate stock of the situation.

Ozal's visit should not be judged in terms of the non-meeting with Gorbachev either. The non-meeting with the Soviet leader (a meeting might have been arranged at the last hour) is a minus from the viewpoint of Turkey and particularly for Ozal himself. This kind of thing entails losses on the political scoreboard. But it would also be an error to maintain that the whole visit has been a fiasco simply because the meeting has not taken place. "Within certain limits, Turkey has been able to put its message across" and has been able to explain what it thinks on various issues, albeit to second-level officials.

Is the glass full or empty? The formula is often used in diplomacy. A half-full glass can be viewed by some as empty and by others as full.

We will try to send our ruminations on that point in our article next Tuesday. For now, all the best from Tashkent where these words have been written.

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USSR MEDITERRANEAN STRATEGY EXAMINED

Istanbul MILLIYET in Turkish 22 Jul 86 p 8

[Article by Gen (ret) Muzaffer Ozsoy]

[Text] The Mediterranean is of major strategic importance in the defense of Europe. To put it differently, Mediterranean is where the outcome may be decided. Military history is full of lessons reiterating this fact. An internal lake of the ancient Western civilization, the Mediterranean (Med) provided the stage, in 2000 B.C., for the expansion of Carthage in North Africa and into Spain, and for the existence of certain Greek colonies around Lion Bay. Later, around 300 B.C., the eastern Med basin was claimed by ancient Greek rulers and witnessed the campaigns of Alexander the Great. 200 years later the basin was incorporated into the Roman and Carthagian empires, lasting until the Arabian and the Ottoman and hegemonies in the eigth and the 16th centuries, respectively.

During World War I, the inability of Germany and its allies to break the superiority of the Allied Powers in the Med led to the opening of new areas of settlement for Britain and France in the Middle East. During World War II, the gross strategic errors committed by the Germans, such as relegating the Med to the second order of importance in the general conduct of the war, led to the rapid deployment of the Allied strike from northwestern Africa over to Italy. In the end, the liberation of Europe was predicated upon two major geopolitical "pillars" - the British Isles and northwestern Africa.

The following rule has been established by historical events: As in the past the Med still holds the key to victory in struggles over Europe. That is because the way to the political and military control of Europe passes through the Med. To use a geographical expression, the Med is the soft underbelly of Europe.

Soviet Targets

During the last 20 years the Soviets have maintained their continental front within their sphere of influence as part of a European defensive strategy. During this period Moscow's political stance has been more or less defensive, formenting dissension among NATO countries and being generally disruptive of the Western bloc. The unprecedented increase in the Soviet naval presence in the Med in and around 1964, however, and the Soviet efforts to become a global power have reinforced the tendency to use the Med as a "point of initiation." Accordingly, the Soviet navy registered an increase of 40 percent in 1968 as compared to 1967, and by 1969 the number of ships had reached 70. Furthermore, the number of destroyers carrying nuclear missiles, submarines, communication-gathering vessels and auxilliary ships have also increased. Thus, with these forces in the Med and the support installations, the foundations of an overseas military strategy had been laid. Informed by this perspective it is possible to outline Soviet military and political objectives as follows:

1) Establishing new "power centers" along the African coastline that would, if needed, conduct strikes against the Allied front in southern Europe - its soft underbelly,

2) Breaking the hold of the U.S. encirclement around Russia by means of force,

3) Securing the eastern Med area against an Allied naval force in the eventuality of trying to force the Turkish straits.

Thus, in a crisis situation, a Soviet expansionary deployment would be predicated upon certain critical axes that would include a number of passages and the Straits: The passages on both sides of Crete (15-20 miles), the strait of Otranto (42 miles), between Gela and Valetta in Malta (75 miles), between Empedocle and Pantelleria which covers the Sicilian channel (78 miles), the strait of Messina (2 miles), between Marsala and Tunis (96 miles) and the strait of Gibraltar.

In this deployment, it is probable that while the section from Gibraltar to Messina would be covered by submarine maneuvres and mines, the larger striking forces (nuclear missile - carrying destroyers, aircraft carriers) would be placed in a central position south of Crete. We think that this plan would have to consider both the northern and southern flanks, that is to say, the Scandinavian peninsula and the Baltic Sea up to the Arctic Sea, and the Med area (Black Sea included) stretching to the Near East. This is because unless the two naval pincers, designed to encircle Western Europe, are unified in the Med area having sailed through the Atlantic and

Black Sea respectively, the Soviet naval force in the Med would lose its significance and remain as a peripheral operation becoming isolated and wither away.

The disciplines of strategy, economics and social organization have to consult geography to get some partial answers regarding their points of departure and overall orientation. To establish their operational doctrines they have to look for new elements in geography to be combined with other elements. The relations between strategic issues and geographic factors cannot be circumscribed by artificial constructs and abstract notions. These factors can no longer be, as it was in the past, related simply to the physical features of the regions. And they cannot be predicated upon the grandiose dimensions of geopolitics and geostrategy either, but would have to be subjected to timely coordination and a tight synthesis thus forming the basis of joint plan of action whether in peacetime or in war.

Looked at from the perspective of global strategy, two regions are seen earmarked as highly important "pillars", at both the southern and northern ends of Europe - the Scandinavian and Anatolian peninsulas. Both are equally close to the Soviet bloc. In the west, the British Isles and northwestern Africa form the other two "pillar" systems flanking the rear of Europe. These pillars have played important roles in the past in the liberation of Europe.

Libya's geographic location in the north African coastline is highly important for Western security. Its location gives Libya a capacity for impact on the two sides of the strategic triangle extending from northwest Africa to the Messina strait. Furthermore, Libya may form the basis of a springboard action which might be aimed at southern Europe. As the scope of the Soviet-built installations far exceeds the obvious needs of this little country, the prevention of a possible Soviet settlement has begun to occupy an important place in the overall peace strategy of the West, and it has appeared increasingly necessary to get rid of these installations. When, finally, terrorism-related conditions produced the right political climate, a military intervention, under preparation for some time, was carried out by the U.S. In essence, this was a "cleansing" operation with systematic depth.

The "intervention" in Libya had as its objective the preservation of the status quo in the Med. Here strategy was concerned not only with the immanence of decision but also with the possibility that the conflict may last longer depending on whether those involved favor the perpetuation of the conflict or not. Indecision might have created political consequences placing the outcome of an overdue military action in danger.

Conclusion

The Soviet strategic expansion in the Med gives the appearance of a "cover" within the context of a larger plan. In a large-scale conflict in Europe, if the Soviet forces in the area are not reinforced from the northern and southern flanks, they are bound to lose their effectiveness rather quickly.

Even if the Sund and Belt Straits in the Baltic were to be overrun through the Jutland peninsula, forcing Gibraltar (under British control and part of northwestern Africa operations) and Pas-de-Calais would be a much tougher proposition.

This would seem to indicate to the Soviets that developing an attack strategy in the south would be more attractive. This is a region with concretely measureable value such as heavy sealane traffic and oil. Furthermore, the European security in the rear can come under challenge here.

In such a situation strategy should be considered in a larger context, and on a continual basis, rather than being focused on the area directly under consideration. As soon as the conflict shows signs of escalation the strategy should be upgraded to the level of a "strategy for planet earth" rather than the sum total of the divergent strategies involved. That is because the earth is very much affected by the geopolitical variables these days.

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SON OF EXECUTED PRIME MINISTER INTERVIEWED

Ankara YANKI in Turkish 21-27 Jul 86 pp 22-24

[Interview with Aydin Menderes; date, place not specified]

[Text] Aydin Menderes is the youngest of former Prime Minister Adnan Menderes' three sons. The leading figure in the Democrat Party movement and a long-serving prime minister, Adnan Menderes was executed, along with two of his friends, as a result of a revolution the propriety of which is still being debated and will be debated for times to come. The sons who grew up bearing this pain followed in their father's footsteps and became politicians. The elder sons, Yuksel and Mutlu, encountered cruel fates both dying unexpectedly. All the pain was suffered by the mother, Berrin Menderes, and the youngest son, Aydin. The youngest son also decided in politics as a profession, became a member of parliament at a young age and served in the party administration. But he had to suspend his political life right at the start as a result of the 12 Sep operation. Being a member of the Executive Council of the Justice Party he was barred from political activity for 10 years. But like his father he is loved by many. Wherever he goes people embrace him warmly, partly as an expression of their love for his father.

There is considerable interest in how the General Assembly will respond to the petition demanding the invalidation of the Yassiada decisions presented by Burhan Apaydin, Menderes' former legal counsel. If the Assembly's resolution comes out in favor of the demands and views expressed in the petition it would mean a watershed in Turkish political life. Menderes the son expresses the following views on the petition concerning Menderes the father.

The Question is a National One

"One cannot say nothing has happened on 27 May or on 16 and 17 Sep 1961. For the last 26 years, the nation has experienced an abiding sadness over what happened to the Democrat Party (DP), the parliament of 1960, the members of DP, and over the fate of the late Menderes, Zorlu and Pokatkan. The state can not remain oblivious to the sentiments of its people for too long. Therefore I view the petition presented to the parliament, as an important event and an opportunity.

I would like to say one thing at this point. I don't know what kind of procedures await the petition, or what the upcoming parliamentary session will bring. But I say this. All parties, all the honorable members of the Assembly are in a positive mood, sincerely wishing to bring about a positive resolution to the matter. As far as our family is concerned we have never wanted against the Adnan Menderes issue, the DP issue become a matter of inter-party strife in Turkey. We are prepared to renew our efforts, within our means, to prevent such a strife occuring in the future. The problem is a national one. The ball is now in the court of the state. With the Assembly's decision the state is in a powerful position to undertake an important step in this matter."

YANKI conducted an interview with Aydin Menderes without forcing the bounds of legality given his debarrement from political activity. Here are Menderes' answers to questions posed by YANKI:

[Question] You are the son of Adnan Menderes who became the darling of the millions in Turkey - a man, though longer among us, still alive in countless numbers of hearts. Forgive the comparison but you are in a similar situation. At such a young age you are barred from political activity. What do you say about all this?

[Answer] In political life these kinds of ups and downs happen, unfortunately. If we recall the kinds of things that can happen to people in political life what has happened to me does not figure as truly phenomenal.

If the individuals barred from political activity (as stipulated in the provisional 4th clause of the constitution) happen to be beneficial to their country these sanctions do not carry much meaning anyway. We did not choose politics as a career for ourself. We thought of it as a means of service to our people, to our country. If the road to politics is blocked one could still continue to love one's people and one's country, and to do certain things for them with whatever means happen to be at one's disposal.

I wish to emphasize the following point. Those who have been barred from political activity by the provisional 4th clause of the Constitution used to be members, administrators of political parties supported by millions of people whose elected representatives we were. The important thing is not that a group of people is kept out of politics. These sanctions have taken from the people the option of electing a broad section of politicians.

Finding the Right People for Politics

[Question] What are the gains and losses brought by 27 May and in the aftermath of 12 Sep, bearing in mind their initial objectives?

[Answer] In a working democracy people can decide whether to keep politicians within or out of politics to get rid of them or keep them in power. Therefore under democracy those who are successful, those who do not serve their country are not allowed to remain in power for too long. Thus it ought to be the people who decide where and how politicians should be evaluated. I should immediately add this. Our society is one which constantly complains of lack of properly trained people. Properly trained politicians, statesmen do not grow on trees. When it is said that "anybody can become a politician or statesman" it does not mean "anybody can do it anytime he wants". Though it is not an exclusive privilege for anyone to become a politician or statesman, just as one needs a certain education to become an engineer or a doctor, and an accumulation of experience in order to be successful, one also needs a formative period to become a politician or to be in the service of the state. As neither politics nor administration can be learnt at school it is only within the framework of continuity and accumulation of experience in a democratic setting that we might get the trained politicians that we need. But as it seems to happen with such regularity in Turkey if experienced teams are constantly kept out of politics we will find it difficult to ensure a supply of such politicians. And, perhaps more importantly, we might have a situation where nobody in Turkey may want to enter politics or to serve and persevere along that road. Politics might lose its attractiveness altogether.

Moreover, if those who are elected by the people are judged not by the people but by somebodyelse then one wonders whether those elected in the future would be responsive to the preferences, sentiments and ideas of the people? Or perhaps, after having concluded that the final say does not belong to the people in any case, wouldn't they then direct their efforts at pleasing some other entity, other circles rather than the people? It is not possible to say with any certainty at this moment. But it seems that so long as such sanctions and obstructions continue we will have difficulty in finding the teams prepared to follow the dictates of people's will and people's preferences to their logical conclusion - teams that democracy demands.

Thoughts on the Governing Party

[Question] Certain parties were not able to participate in the 6 Nov elections. Due to certain restrictions such as stripping people of their political rights the course of politics was changed towards another direction. There are fragmentations on the right and the left. How do you see all this?

[Answer] The most important issue concerning the political parties in our country is the situation you have just described. Only three parties were allowed to participate in the 6 Nov elections. The one which is in government continues to exist while the ones in the opposition are no longer there. This shows that if today's governing party also happened to be in opposition its fate would not have been all that different from the others.

Political life exhibits a continuity. That is because political life is predicated upon social events which do maintain a certain continuity. If this continuity is totally disregarded then it would be extremely difficult for party organisations to take root in society and find supporters. We know that memory is a most important mental function in human like. Societies, just as individuals, cannot exist without memory. Therefore, though it might seem attractive at times, it is not possible to stop political life at some point and start it again at will from point zero.

[Question] Motherland Party (MP), Correct Way Party (CWP) and Free Democracy Party (FDP) are parties on the right dependent on the mass support of the old Democrat and Justice Parties. Is it only the 6 Nov elections and the conditions of the post - 12 Sep period that account for their being distinct parties? Or are there other factors keeping them apart?

[Answer] The main reason for the fragmentation in the right is the closure of all parties in the post - 1980 period. Only three parties were able to participate in the 6 Nov elections. Political life is such that when it is interrupted it takes time for it to readjust to new circumstances. Thus the present fragmentation is largely the product of this interim period.

The parties on the right have to define their raison d'etre, and clarify the points separating them from the others. It appears that of the three parties you mentioned - FDP, MP, and CWP - the characteristic that distinguishes CWP from the others would be the priority accorded to democracy and to the will of the people.

[Question] We know about the conditions of the 6 Nov elections. In those elections people supported the MP out of an inability to find another party to vote for. But later, despite the formation of the CWP - which is a sort of continuation of the old right at the mass level - public opinion polls have indicated that the people, despite the problems, have not broken away from the MP completely, and have grouped around the governing party. How do you evaluate this?

[Answer] One thing should be pointed out. I do not wish to claim that the currently existing parties, the governing party in particular, would not be able to obtain any result had there been no political restrictions. But I am of the opinion that so long as certain restrictions continue in our country the preferences of our people will not be fully reflected through the election process. If that is so it means that we are not in a position to fully ascertain the preferences of our people. When the continuation of the restrictions (which by the way are not all that different from one another) is viewed as immutable and certain, I personally find it difficult to make political evaluations of any sort. When the preferences of our people are fully reflected and all tendencies, parties and ideas are represented one may then engage in sound evaluations.

Still Undecided on How to Govern Ourselves

[Question] How do you evaluate the MP government?

[Answer] It is possible to criticize the governing party from many angles. It is of course possible to see many policies in a positive light. At the moment I, personally, am not too much concerned with what the governing party is doing, what it should or shouldn't do. For me Turkey, in the first instance, has to establish clear-cut and unchangeable rules as to how it should be governed. The events of our 40-year democratic life from 1946 to 1986 shows that we have not been able to determine whether governments will be decided by the people and whether the right to elect, not to elect or to get rid of governments belong to the people or not. Therefore in a Turkey where the success or failure of governments are not sufficient to ensure their continuation in office or their dismissal I do not find it necessary, simply out of curiosity, to subject governments and parties to any sort of evaluation. This is my personal opinion. Thus the most important issue in Turkey is to bring about a Turkey where the will of the people is sovereign without conditions or strings attached. I might add that from the viewpoint of popular sovereignty, I do not find the performance of the governing party satisfactory. There is much room for improvement regarding the acceleration of the democratisation process restarted after the 12 Sep period, after the referendum and the multi-party politics that followed. Certain objective targets have not been attained either. That they are not claiming too much in this regard is quite evident by their attitudes and statements. This government seems to have opted for the continuation of the so-called depolitization which actually means indifference to politics. How will a society establish control over its fate? Of course through the mediation of politics and politicians. If a society is becoming indifferent to politics, parties and politicians it means that there is an indifference to self-government and to the country's administration as a whole.

[Question] How do you evaluate the CWP?

[Answer] As you know we are ineligible to support a certain political party or to become members. Therefore any evaluation I make is simply the thoughts and perceptions of a retired politician, however young, and away from sympathies or antipathies. CWP has presented itself as a party with a mission and declared its intention to struggle along the road. During the time CWP was established and in the adjoining period there was no other political organisation that had specified these goals as a priority. Today the Democratic Left Party also seems to have specified the establishment and reinforcement of democracy in Turkey as an objective.

So long as CWP maintains its identity as a party with a mission, it will certainly arouse a lot of sympathy among those who believe that the most important issue in Turkey is the absolute sovereignty of the people, that the people should have the final say, that the Turkish nation did not really need supervision in all these years since 1946, and that it is the people who are the masters and not anybody else. However, I wish to reiterate the point that this has two aspects. First, the sense of mission needs to be maintained by the CWP. And second, the more important, aspect is that obviously the determination of just a bunch of people and one or two parties will not be sufficient as far as democracy is concerned. What we sincerely wish is to see all political parties and other organisations arrive at a consensus on this point.

[Question] How do you see CWP's entry into parliament by recruiting members elected in 6 Nov elections on the ticket of parties not much approved by the CWP?

[Answer] There was a negative propaganda campaign about CWP saying it was programmed for the year 1992. Had the CWP shunned the opportunity to establish representation in the parliament and to form a party caucus consequently gaining access to TV and radio, it would have given the impression that the negative propaganda was justified. Therefore it had become an unavoidable necessity for the CWP to explore the possibility of being represented in the Assembly as a caucus, and CWP simply went ahead with it.

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RELIGIOUS RESURGENCE AMONG YOUTH EXAMINED

Istanbul GUNAYDIN (Supplement) in Turkish 1 Aug 86 p 6

[Text] Since the beginning of this year a specter has been haunting parents who send their kids to private schools: Adnan Hoja. That is because Adnan Hoja (his real name is Adnan Oktar) has set out to prove that it is yet possible for (and these are his words) "young people who happen not to be hunchbacks, who are cultured, handsome and rich" to embrace Islam and enacting its rules.

He did not take too long to reach his objective, thanks in large measure to Ahmet Ucan, an instructor at a private high school (Ozel Dost Lisesi). Such was his success that he became a celebrity overnight appearing on the headlines of major newspapers, granting interviews to various publications. Meanwhile Adnan Hoja was questioned by the police but categorically stated that nothing will stop him and continued collecting disciples.

Parents in Panic

Parents who usually expect excessive, random demands from their children were in a state of panic when reprimanded by their children: "Don't drink alcohol, cover your arms and legs!" Trying persuasion first the parents were soon reduced to issuing threats then consulting doctors, all to no avail. Some of the youngsters were going so far as to break away from their families.

Individual efforts leading nowhere the parents were next trying to get the issue into newspaper columns by using their various connections, and to turn the subject into the major focus of the day. One might well ask what was behind this sudden surge of interest, among the well-to-do, in activities of a religious nature hitherto confined to the youth of the humbler sections of society? Extensive press coverage have always been accorded such phenomena. Yet not much of a reaction had been registered among the well-to-do, until now that is. These activities had their various ups and downs for quite some time yet could it be that some people have become aware of them only recently? Or was it simply that their children, until now untouched by these goings on, were now the target? Or was the parents' discomfort due to the perception that their kids were no longer immune to this kind of thing? After all, the youngsters were receiving a priviledged education,having considerable advantages regarding physical and mental development. Maybe it was all a coincidence - there was no connection between events reported in the press. It could well be that the whole thing was a tempest in a teapot!

Plenty of Reaction

However, various individuals and young people have been unanimous in their views that these developments were hardly coincidental. Murat Belge, for instance, argues that the political environment may have been responsible for disposing the youngsters towards these activities, but the reaction of the families is largely due to "the shock experienced by families of high cultural standards who have not been much interested in religion so far." Sociologist Mubeccel Kiray, on the other hand, argues that "the one important thing about the Adnan Hoja affair is that it is the offspring of the elite which has been targetted. These people have to remain secular in order to maintain their cosmopolitan connections. As soon as they admit to being practicing Muslims their prospects of landing a job with international connections can be seriously endangered. The whole matter should be viewed as a stratification problem. The reaction is aggravated because the attention is now directed at young men who are on the brink of joining the elite, becoming big businessmen."

Reiterating these and similar points, Abdurrahman Dilipak, a Milli Gazete writer, argues: "It would be hard to conceive such a hullaballoo if the target had been something else. (Adnan Hoja) is one among tens of thousands."

An interesting aspect of the whole affair was an outright admission by Adnan Oktar that he was schizoid. This became a source of comfort for parents who reasoned that their children would not follow an obviously sick man for too long, and that sooner or later they would come back to their senses.

For some there is no need for detailed tests to confirm Oktar's sickness, and that an experienced specialist should be able to tell it from afar. Prof. Ozcan Koknel and Assoc. Prof. Aysel Eksi agree on that point. Neither of them has examined Oktar but, based on available information, they were able to tell he was showing symptoms of illness. Dr. Eksi argues that: "As an expert in the field for 26 years, and from newspaper interviews and accounts by the youngsters, I can safely conclude that Oktar is mentally ill. I can say that this is a person who is in a state of breakdown to the point of not being able to attend school, and a person who has lost contact with external realities devoting himself exclusively to religious matters."

In the meantime, Oktar's mother was heard claiming that her son had medical reports in his possession confirming his sickness. Oktar himself admitted that he had "a very sensitive disposition and that (he) could not withstand certain situations."

Could all these revelations be any comfort to the public and to the parents? Can a movement led by a mentally sick person be expected to last all that long? Some youngsters who profess to be close to the disciples of Adnan Hoja, when asked of the chances of their friends ever abandoning from their present course, silently shook their heads indicating not much of a hope. Here was a group of people who know exactly what they were doing, and it was the Moslem cadres of the future - the administrators, financiers and so on - who were in the process of being trained, according to the friends.

At some point Adnan Hoja had been arrested but the issue was not resolved. In any case the youngsters themselves, in an interview that appeared in Bulvar Gazetesi, were heard stating quite openly: "Even if Adnan agabey (elder brother) were to die or, God forbid, become Christian or get himself arrested, it won't make much of a difference for us. We are not doing all this just because Adnan agabey is doing it. We are doing it because it is what Allah wants . . . it is not as if we are following a personality cult."

Events did not end there, and the confusion of the other youngsters watching all this were continuing, and the questions remained. At this point we decided not to confine the discussion to merely those who have directly participated, or those who have watched on the sidelines and are potential disciples themselves. Had we done so we would have merely touched the tip of the iceberg. From Dilipak, the Milli Gazete writer, we have learned what it is that our youngsters are attracted to. From Kiray, the sociologist, we obtained the sociological interpretation of contemporary resurgence of religion. Kiray's (soon to be published) analysis uses the past as a starting point and puts the issue in the overall framework of external conjuncture and internal dynamics.

Impact upon Turkey

Placing the issue in an international perspective, Kiray argues that the resurgence of religion has coincided with the rise in oil prices. In terms of geographical location and social structure these countries were among the least progressive, and among the latest to join the process of modernization. Faced with the sudden demand to open up to the world these countries experienced a dramatically resurgent Islamic movement with an intensity exceeding anything that went before.

The increased political and economic significance of the Middle East was soon felt in Turkey, quite naturally. Events, however, have a way of developing in different directions than the original impetus.

It should be pointed out that Islam does not exhibit the characteristic of formal organization in any part of the world. Historically speaking the only place where Islam surfaced in the form of political organization is Iran.

Expert Cadres

There is wide consensus on the point that even the most conservative parties, given some familiarity with the procedures of laic political systems, are not in a position to execute programs imported wholesale from abroad. Therefore it is quite clear that a new form of organization and new cadres are needed - i.e., teams of specialists conversant with global financial problems, experts in technical matters and so on. We should remind our readers that this explanation is fully accords with the views of the friends referred to earlier.

An important issue in this context is the meaning of laicism at the level of international relations. It is only in terms of this concept that the nature of relations between countries, whether they are based on equality or not, can be ascertained. For Kiray laicism does not merely entail the separation of religion and state. It is a concept which stresses that religion does not figure in state-to-state relations, and that differences among faiths are not important. Defining oneself as laic means an invitation to negotiate and compromise. It is a system of autonomy, national self-determination, geared to the elimination of differences to the extent possible. It also proclaims the kind of equality which says to Europe: "Our being Moslem does not concern you, as your Christianity is none of our business." As for the meaning of laicism within the country, it represents an attitude of egalitarianism under which all groups say to each other: "Differences do not concern the state. Lets make our decisions together as parts of a larger whole."

Accordingly to Prof. Kiray the current resurgence of reactionary dogmatism has two underlying causes: the intensification of relations with the rest of the world, and the failure of the process of internal transformation to bring about, secure and stable life conditions. Another factor could be the use of depolitization as a measure to steer the country through the recent period of turmoil.

Kiray continues: "During the 1923-50 period political choice was given a bad name. A worldview was established which was concious of its objectives, dogmatic, but not conducive to equality with the West. It placed everyone in a mental set much narrower than existed previously. As if this was not enough, the worldview was embodied in a political organization, and an ideology was put together in a most blatant fashion."

Continuing to preach fatalism in an environment where everyone was looking after his own economic salvation became a glaringly futile exercise. Inevitably, certain established concepts had to give way to new ones. The core of religious teaching was bound to change, and it did. It was now emphasized that the source of all evil was poverty and that everyone should eat and live well. Concurrently, attitudes toward women were changing. Women were encouraged to get out of the house. Women were no longer meant to be confined to cooking and washing linen.

Then there was the system of patronage, mutual help and cooperation, employed in dealing with the problems of a crisis-ridden society, sometimes providing solutions and helping the circle to expand all the time. This reciprocity was extended to politics as well, subsequently producing a merger between religious and political organizations. Kiray maintains that young people are being influenced by these developments. They take advantage of services offered and, in due course, make certain religious commitments ostensibly for the purpose of furthering spiritual values.

The following is the record of a conversation held with three students - two of them at the university, one at high school. The subject is religion.

[Question] What do you think of religion? How do you view the Adnan Hoja affair?

[Muzaffer Bilgin, university student] I have nothing but respect for religion. I respect everyone's religious beliefs. However, I do not think it proper to divulge my own views about religion. That is something that concerns only myself. So it should be for others. I feel sad when I see those who try to impose their views on others, as has been happening lately. It really saddens me to see people like Adnan Hoja who use religion to exploit the uneducated, the untutored, mainly young people with no culture and who are in the midst of crisis. I don't know what kind of measures are being taken to deal with such people.

Lot of Contradictions

Today the religious issue is quite hot in the universities. I could certainly say that for Marmara University. We have situations where a student barred from class one day for wearing headscarf is admitted the next. Why? How proper is it to bar someone wearing headscarf? And while the one with the headscarf is not admitted, the one wearing scanty, provocative clothing is. That is a contradiction too. These contradictions never seem to end. It appears somewhat dangerous to bring religion into such matters in an environment full of contradictions. It is a bottomless pit. Probably the best thing would be to leave religion alone so long as it is sincerely practiced and not used for propaganda purposes.

[Question] Have you ever lived in a student residence?

[Bilgin] No I haven't but I know the condition of those who do. There, whether you like it or not, you become part of a group, particularly if you are someone susceptible to peer pressure and do not possess any special quality enabling you to influence others. Then you naturally go with the flow becoming incorporated into the group you are with. In these groups one or two individuals end up becoming dominant. You then become committed to certain ideas along lines favored by them. We sometimes hold discussions with such students in a civilized exchanges of ideas.

[Question] Have you met anyone practicing propaganda? Do they use persuasion or not?

[Bilgin] On the whole they don't try to impose their views. They can't do that anyway as it is against their philosophy. Even when they do they disclaim it saying there is no such thing as imposition in religion. Maybe not all but most of them exhibit such a conduct. They usually isolate themselves, or try to increase their circle in an ever-expanding manner, gently and softly, starting with those in their immediate circle.

No Need for Prayers

They distribute reading material free of charge. I think there was even an inscription at the back of the book saying it was recommended by the Ministry of Education. The distribution usually takes place in locations where students are found in large numbers.

[Ersin Dereli, university student] Yes, I do have a faith. I do believe in a supreme being which is Allah. It is up to the individual to decide. I am trying to keep my faith and worship in balance. So long as one does believe I do not view praying as absolutely necessary.

Some publishing organizations donate monetary and food aid to religiously-oriented students at the university. I have witnessed this personally. One organization is giving monthly supplies of noodles and canned food to two brothers. However, there is no attempt to influence us on the part of these students.

Some parents send their kids to religious training schools, specifically. There the children are indoctrinated and turn up as militants. They then engage in recruiting new people, boys and girls. They do favors to non-religious types. These can be moral or monetary favors like solving certain problems. Then the suggestion is made to go to Friday prayers. In this way, without much of an imposition and by merely exploiting sentiments they try to swell their ranks. I have been witnessing such things.

The papers write that Adnan Hoja is popular especially among university students. I happen to be a university student but I know these things only from the papers. Which group is it that supports Adnan Hoja, I don't really know. For me he is no different than the so-called 'artists' who bare their legs. He is a person ready to do anything to achieve popularity, full of silly ideas, certified as mentally ill.

[Question] Do you personally feel any pressure from this movement?

[Dereli] My cousin lives at the residence. He reports that during the month of Ramadan 2-3 people were not sleeping until sahur (late night prayers), and 6-7 people were keeping them company. They were listening to Islamic sacred music on the cassette. Some students taking exams in the morning were going sleepless as a result. Those who don't observe fasting are treated with contempt, receiving hard stares when eating. In our school the number of people eating lunch is remarkably low, indicative of those who are fasting or those who are embarrased about not fasting.

[Bilgin] When I see women wearing chador right in the middle of Taksim square certain questions arise in my mind - whether the dress code is being applied or not?

[Levent Ozkok, high school student] Everyone should have a faith. It should be possible to believe in a supreme being. But I think we live in a laic country. Therefore it is stupid to put pressure on anybody's beliefs, it might even be against the law. It seems that the followers of Adnan Hoja have not been able to make much headway in my school. I don't even know who he is. This thing has become so big because the youth at private schools are searching for something. You can impose on them any idea you wish. Adnan Hoja knows this and has thus benefited. But the question is what can they possibly expect to gain by imposing religion. I don't think they do it to go to heaven. They surely must have something to gain. I have not personally witnessed any of the events my friends are talking about.

No Need to Examine

[Question] Why do you think this movement has spread so much? Do you feel any need to read the Holy Quran to understand that?

[Bilgin] I have been reminded by Adnan Hoja that I perhaps ought to read it. First, certain rules are introduced in the name of religion. Then a man of science gets up and pronounces that it is all a misinterpretation. It is such contradictory interpretations that perhaps account for the need to read the book itself.

[Dereli] I feel as if I have already captured the logic of the Holy Quran. I am able to evaluate the rules, discriminate between sin and good deeds for myself. I am on the side of logic. I am progressing along the road I think is right, based on my logic and according to my beliefs. I also know what the Quran is and what it is not. Therefore I do not think it necessary to examine it. I am able to tell whether the newspaper stories are true or false. This I do using my knowledge and logic.

From the Logical Point of View

[Ozkok] Though you may wish to remain outside all this, when discussions continue on and on you begin to think there might, after all, be something to it. You want to read more. They don't know too much about it, I don't either. But since they evaluate it for themselves, you say to yourself "why don't I read and evaluate for myself?" When logic enters the picture you make your own judgments even when you read the book. Therefore I don't see it necessary to read the Quran, either.

[Question] What have you gained from courses in religion at school?

[Dereli] I have not received any religious training from my family. My teachers at secondary school were graduates of the faculty of theology. During that period I recall a student not wanting to enter the class, but the teacher forced him to do so by asking a number of questions. The student entered the class in the end out of embarassment. At high school we had a teacher who was something of a progressive intellectual. He used to approach any issue concerning religion from the logical point of view. Anything I have learned, I learned from him. But when we asked the same questions to another teacher during second year we got different answers altogether. He told us that the former teacher's views were sinful.

Not Dogmatic

[Ozkok] At our school there is no imposition. When our religion teacher says something everybody is free to comment without any constraint. There is no harm in this. Quite frankly, I see neither much good nor much harm in religion courses. But when you open a book in religion there is Adam and Eve. Then you open a book in biology and there is Darwin. You suspect there is something not quite right. Both are course books and you wonder which one is right. Both are written by experts. Since we can discuss anything in our school these do not become issues.

[Bilgin] I was at a private secondary school where the course in religion was not viewed as important. I took courses from the same teacher at high school. He would not force his ideas upon you, he was not dogmatic.

[Question] What do you think of the Holy Quran being taught in religion classes? Could it help resolve some of the disagreements?

[Bilgin] If education in high schools were properly organized the problem would resolve itself. Courses in religion should not be graded either. They should be designated as general culture courses. The student should be offered stimulation. That would happen only with a sound, organized system of education. Under the present conditions nothing is going to change. Going to religion class once a week is not going to resolve anything.

[Dereli] Since everybody offers his own interpretation the whole thing will end up becoming personalized. They will use whatever they read to reinforce already existing views. I don't think teaching the Quran in the classroom will bring resolution to any of the issues.

[Bilgin] One should not expect everything from the administrators either. As we are expressing our views here we should be able to discuss them with others. We should not exclude them. Maybe when we explain certain things they might be able to liberate themselves from dogmatism.

12466
CSO: 3554/165

ECONOMIC CRISIS DUE TO PROBLEMS IN TRADITIONAL SECTORS

Stockholm SVENSKA DAGBLADET in Swedish 27 Aug 86 p VI

[Article by Bengt Jonsson]

[Text] Nuuk--During the 1980's, and especially over the past few years, Greenland has been hit by serious economic problems. Almost all traditional sectors have gotten into difficulty. This is true of fishing, mining, and seal hunting.

And in Greenland, there are no alternative sectors that can be quickly developed to provide jobs. This is the world's largest island, but a good five-sixths of it is covered with inland ice that is kilometers thick. The ice-free area along the coast--three-fourths the size of Sweden--is where the 53,000 inhabitants live in large and small communities whose only link with the rest of the world is by boat or airplane. There are no roads between the various localities.

All of Greenland has an Arctic climate, there are no forests, and agriculture in the traditional sense is impossible. In the extreme southwest, where the climate is most favorable, there is sheepbreeding on a limited scale, but severe winters sometimes decimate the flocks. Next year, however, an experiment in cultivating hardy varieties of potatoes will be started.

Fishing is the dominant occupation and source of income in Greenland. Fish and fish products account for just over 90 percent of the country's export earnings, excluding ore exports. Cod fishing has been the most important activity, but it has suffered a disastrous decline.

Cod Have Disappeared

When cod fishing was at its best in the 1950's and 1960's, over 400,000 metric tons were being caught every year in Greenland waters. Almost all of that was taken by trawlers from the big European fishing nations. The catch dropped to around 50,000 metric tons per year during the 1970's. And in the early 1980's, the cod almost disappeared completely. Between 15,000 and 18,000 metric tons were caught in 1984 and again in 1985.

The reason for the decline has not been pinpointed, but marine biologists think it is due to a combination of overfishing and lower water temperatures. The water has now grown a little warmer, and oceanographers have noted large numbers of larval cod and fry. Cod fishing may be profitable again in a few years, provided that another cold period does not occur.

The Greenlanders have also had control over their own marine resources for the past couple of years. They have an economic zone extending for 200 nautical miles, and Greenland left the EC in January 1985 because it wanted to protect its fishing resources. It reached a favorable agreement with the EC, which pays 216 million Danish kroner each year for the right to fish in Greenland waters. The quotas are set according to biological criteria, and it is Greenland which decides how large a catch the EC will be allowed. In 1985 and 1986, there was no cod at all for the EC.

"Our Livelihood"

"We fishermen have now initiated close cooperation with the marine biologists, and we observe the quotas they recommend. Ocean fish are our most important resource--our livelihood--and they must not be exterminated," emphasizes Nikolaj Heinrich, chairman of the KNAPK, which is the organization of Greenland fishermen and seal hunters.

"The decline in the cod population was a hard blow to coastal fishing, and it was made worse by the fact that the salmon also disappeared to a large extent. Over the past decade, the cod fishing fleet has expanded to the extent that we have the capacity for landing 90,000 metric tons per year. As long as the quota set by the biologists remains under 70,000 metric tons, we will take it all ourselves. If it becomes possible to take more fish from our waters, the EC may again be assigned a quota for cod."

Nikolaj Heinrich also says that the KNAPK has proposed that trawling be halted in cod spawning areas. He wants the fishermen to adopt new methods that will not harm the stock of young fish, which are so important for the future.

That way of thinking is shared by marine biologist Lars Haumann of Greenland's Fisheries and Environmental Research Institute.

Lars Haumann says: "A changeover from fishing with nets and trawls to line fishing spares the small fish and provides larger fish of better quality. This applies not only to cod but also to ocean catfish and halibut. That is why we are currently fishing on an experimental basis with various kinds of line fishing boats."

Shrimping Expands

The thing that saved the Greenland fishing industry from going under completely when the cod and salmon declined was the increase in landings of halibut and, above all, shrimp. The PROEKS fish processing plant in the little town of Ilulissat, 180 miles north of the Polar Circle on Greenland's west coast, is operating at full capacity.

"The big season for shrimp is from May to November. We clean and freeze them. That comes to between 4,000 and 5,000 metric tons per year. Shrimping has expanded in recent years, and the fishermen are always discovering new shrimp fishing banks," says plant manager Paul Bagger.

"At the moment, 200 people, mostly women, are working in the plant. The men are generally out at sea. During the winter we handle over 2,000 metric tons of halibut. They are filleted, frozen, and shipped in halves to the smokehouse in Alborg. We also process smaller quantities of salmon and cod. What we concentrate on mostly is building up a stock of frozen raw material so that we can even the work out over the year."

Harsh Climate

Another way to ensure a more regular supply of raw material for Greenland's fishing industry might be to breed fish in containers in the numerous deep fjords. Attempts have been made, but they have failed. According to marine biologist Lars Haumann, the water temperature is too low for the types of salmon used in those experiments. Greenland's climate is harsh even under the surface of the water.

Seal hunting provides about 25 percent of Greenland's population with a livelihood. Seal meat is eaten by the families themselves and used to feed the sled dogs. Sales of sealskins once provided Greenlanders with badly needed income. But international boycotts directed against the slaughter of young seals in Canada have also hurt sales of Greenland sealskins, and export earnings have dropped to less than one-fifth of what they were 10 years ago.

The Greenex mine in Maarmorilik has been in the headlines this summer. Lead and zinc ore are mined there, and it is Greenland's largest workplace with over 300 employees. Because of low prices for those ores on the world market, the Canadian owner--the COMINCO group--wanted to close down the mine. After many complicated rounds of negotiation, the upshot was that Boliden bought the mine, and the Swedish firm has promised to continue mining operations for at least another couple of years.

Petroleum Operations Delayed

The Greenlanders have long been hoping to find petroleum and gas along certain coastal areas where geological conditions are favorable. But as a result of the sharp drop in crude oil prices, it will apparently be a while before any oil company seriously ventures to drill for petroleum and gas in Greenland territory.

The economic difficulties of recent years have led to higher unemployment in Greenland. The figure was 10.9 percent in 1985. Greenland's Executive Council is also facing big problems. For the coming year, 400 million Danish kroner will have to be cut from a budget of 1.6 billion kroner. Housing construction will be hurt most of all, even though the housing shortage is very severe. As a result of overcrowding, social problems in Greenland have grown steadily worse.

The chairman of the Executive Council, Prime Minister Jonathan Motzfeldt, is very concerned about all the economic problems. He knows that a couple of lean years of economizing are ahead for Greenlanders, but he believes that the fishing industry can expand. New methods and fishing for previously neglected species can provide both job opportunities and incomes. And he is also hoping that the important cod will return.

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CSO: 3650/303

PARALLEL ECONOMY PHENOMENON AFFECTS NATIONAL ECONOMY

Athens ETHNOS in Greek 9 Sep 86 p 6

[Excerpts from the column "Opinion": How Paraeconomy Will be Wiped Out]. By general consensus, one of the most vital, most burning, and most timely points of the interview the premier gave in Salonica concerns para-economy--circulation, that is, of undeclared income.

The government's intention of wiping out paraeconomy is not based only on reasons of justice and equal treatment of citizens. It is also based on anti-inflationary, fiscal and developmental reasons since declaration of undeclared income will be compulsory so the state will receive its legal share.

One can estimate the astronomical level of para-economy if one considers:

--That several billions being collected each year as commissions by wheeler-dealers are not being recorded at all...

--That several billions earned each year by middlemen are not reported anywhere...

--That tens of billions being hidden each year by inflating cost vouchers escape the tax authorities...

--That thousands of enterprises have two or three sets of books, thus hiding with convincing skillfulness their rear turnover...

--That thousands of enterprises save thousands of billions in taxes by way of fictitious vouchers...

--That tens of thousands of farmers whose annual income exceeds the allowable non-taxable amount do not even file a tax return...

--That billions are being made each year by "gambling in foreign exchange," not only by legal dealers, but by thousands of unknown profiteers who deal in currencies...

--That enormous amounts derived from speculation remain elusive for lack of tables for determining its objective value...

--That "big business" by wholesalers (concealments), outstanding lawyers (out-of-court settlements), oustanding doctors (extra fees), etc., etc., are not caught by traps set up by the tax authorities...

--That astronomical amounts derived through criminal activities (illegal gambling, marketing of narcotics, smuggling, etc., etc.) create large incomes which exert pressure on the price index...

Para-economy is indeed a fact which tends to assume dimensions of a national plague and deprive the state of vital resources.

7520
CSO: 3521/3

IMPORTS UP, IMPROVED BALANCE OF CURRENT ACCOUNTS

Athens I KATHIMERINI in Greek 9 Sep 86 p 15

[Text] Despite restrictive measures imposed by the government, the increase in imports continues. Specifically, in July imports increased by 112 million dollars (16.5 percent) compared to July 1985, while during the 7-month period of 1986, total imports reached 4,801 million dollars. They increased, that is, by 11.5 percent compared to the corresponding 1985 period.

However, this increase in imports, which slows down the success of measures the government took in October 1985 and especially devaluation, was offset by the impressive increase of funds Greece received from EEC. While these funds during the first 7 months of 1985 totaled 433 million dollars, in the 1986 7-month period they increased by 100 percent and reached 859 million dollars. Specifically, receipts from EEC in July reached 251 million dollars compared to just 74 million in July 1985--an increase, that is, of about 200 percent.

On the other hand, the drop in oil prices, which continued into July, allowed a decrease in foreign exchange expenses for payment of fuels by 780 million dollars or 42.4 percent. Specifically, in July 1986 we paid 50.5 perce4nt fewer dollars for fuels compared to payments made in the corresponding month last year. The final benefit was 106 million dollars.

Exports showed a slight increase of 2.1 percent during the 7-month period of 1986 despite devaluation. Calculated without fuels, these exports increased by 13.2 percent. July developments appear better with an increase in exports by 21.8 percent in dollars (25.4 percent without fuels).

As a result, the trade balance deficit decreased by 9.1 percent during the 7-month period. But despite this, it reached 3,366 million dollars.

Income from invisible resources show a noticeable improvement in dollars (25.8 percent) compared to the 1985 7-month period and even greater improvement in July (52.7 percent). But it is evident that it was mainly influenced by the increase of funds collected from EEC. For example, during the 7-month period travel foreign exchange increased by 23.4 percent; immigrant by 11.9 percent; maritime by just 1.9 percent; while funds from EEC increased by 98.4 percent.

During the same 7-month period, invisible payments increased by 6 percent and in July by 49.7 percent. As a result, the surplus of invisible resources improved by 30.5 percent during the 7 months and by 54 percent in July.

At any rate, during the 7-month period, inflow of entrepreneurial capital from abroad for investments remained stagnant proving that during this period the entrepreneurial climate in Greece did not improve at all.

Finally, due to the significant decrease in fuels' payments and the surprisingly great amount of funds from EEC, the July deficit of current accounts appears decreased by 38 percent. However, it is evident that its improvement is due to exogenous factors, a fact which the National Economy Ministry indirectly accepts. In a relevant announcement the ministry points out that the upward trend of imports also makes necessary faithful implementation of the monetary credit program during the second half of 1986.

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CSO: 3521/5

AILING ENTERPRISES REPORTEDLY TO CLOSE

Athens I VRADYNI in Greek 8 Sep 86 p 17

[Text] Around 4,000 working people will become unemployed at the end of the month as 15 ailing enterprises which were judged non-viable will close down.

The relevant reports published in yesterday's VIMA, states that the remaining non-viable enterprises will close down within the next 2 months. As a result, by next Christmas 8,000 working people will have no jobs. According to this report of the pro-governmental newspaper the first 19 ailing enterprises which will close down are:

--VEKO, Inc.: Its debt has risen to 6,336 million drachmas from 3,373 million 2 years ago when it was judged an ailing company. It has 180 employees who will be discharged.

--VIONYL, Inc.: Its debt is 2,815 million drachmas compared to 1,862 million in November 1984. Its force of 125 persons will be released.

--ELVISAK, Inc.: It has a debt of 227 million drachmas compared to 238 million in February 1984 when it became an ailing enterprise. Its force of 68 persons will lose their jobs.

--ETOUAL, Inc.: It was judged an ailing enterprise in August 1984 when its debt had reached 283 million drachmas. It has risen to 350 million drachmas and 181 persons will be without work.

--DAIMS, Inc.: It became a problematical enterprise in 1984 when its debt had risen to 651 million drachmas. Its debt today is 681 million. It employs 107 persons.

--PROFILE Aluminum: It has a debt of 3,649 million drachmas compared to 2,159 million in May 1984. It will release 110 persons.

--SAN LAIT, Inc.: It became non-viable in March 1985. Its debt is 540 million drachmas compared to 366 million 30 months ago. It employs 177 persons.

--SKAPANEUS: Its debt has risen to 23,500 million drachmas from 14,319 million in October 1983. It employs 27 [sic[persons.

According to the same VIMA report the Salonica Appeals Court heard arguments on applications for receivership for the following companies:

--ILIOS, Inc.: It became an ailing company in April 1985 with a debt of 886 million drachmas which today has risen to 1,200 million. It employs 309 persons.

--VIOVALV and its subsidiary SINDOS. They became ailing companies in December 1983 with a debt of 834 million drachmas. Today they owe 943 million. they employ 128 persons.

the Athens Appeals Court also adjudicated receivership applications for the following companires:

--PERFIL: It was judged an ailing company in May 1984. It owes 4,456 million drachmas compared to 2,716 million drachmas 2 years ago. It employs 351 persons.

--ELLINIKI VIOMIKHANIA ZYTHOU, Inc. (ALFA): It was ruled an ailing company in February 1984 with a debt of 9,501 million drachmas. Its debt today is 12,337 million. It employs 285 persons.

It is expected that the court will hear arguments for receivership applications on the following companies:

--OUZO TYRNAVOU, EGL, Inc., and KOUPAS, Inc.

Finally, a receivership application will be submitted in September for VIOMIKHANIKI ENDYMATON VOLOU, Inc., which was declared an ailing company on 14 December 1983 with a debt of 1,876 million drachmas. Today, it owes 2,384 million. It employs 524 persons.

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BRIEFS

TRADE WITH EASTERN BLOC DOWN--Our transactions with Eastern countries and especially with Romania and Bulgaria are decreasing. Trade with Romania shows a noticeable slowdown. From 67 million dollars in 1982, our exports dropped to 52 million in 1983; 37 million in 1984; and 39 million in 1985. Imports from Romania during the first 5 months of the year reached 17 million dollars while in 1985 they reached 56 million; in 1984, 57 million; and in 1983, 33 million. On the other hand the pensions of repatriated political refugees continue to be a problem. Romania is the only country with which no agreement has been signed on this question. The volume of our transactions with Bulgaria during the first 5 months of 1986 increased by 29.2 percent. [Excerpts] [Athens I VRADYNI in Greek 10 Sep 86 p 15] 7520

CSO: 3521/5

ECONOMIC NETHERLANDS

EXCERPTS FROM 1987 BUDGET MEMORANDUM

The Hague ANP NEWS BULLETIN Special Edition in English 16 Sep 86 pp 1-10

[Text] Introduction

The Netherlands Minister of Finance, Dr H. Onno Ruding, today presented the 1987 Budget to parliament in The Hague. The package of financial measures prepared by Minister Ruding for 1987 will result in a reduction in central government expenditure in the Netherlands of 1.5 billion guilders from 1986 to 1987. This will be the first time since 1957 that public expenditure in the Netherlands has been lower than it was the year before.

Continuing Growth

The Dutch economy will continue to grow in the years ahead. Sales of goods at home and abroad will increase by 3 percent in 1987. The continuing growth in output will be reinforced by growing company investment. Real disposable income will increase markedly for all sections of the Dutch population, partly because inflation in 1987 will actually be negative. Private consumption will increase once again, by an estimated 2.5 percent in 1987. Moreover, an increase in employment equivalent to approximately 40,000 man-years if forecast for 1987, indicating structural recovery in the labour market. Economic recovery which, as on previous occasions in the Netherlands, began with exports, is now also receiving a clear stimulus from within the country and is, as a result, stronger and more stable.

Economic Policy

The Dutch economy is developing in tandem with the economy of West Germany, with which it has very close ties. Economic growth in Europe as a whole is gathering momentum. In contrast to the United States and to some extent in line with developments in Japan, economic growth in Europe is increasingly drawing support from internal factors. The net effect of the increase in domestic demand in Europe and the levelling off of growth in exports is a 2.5 percent rate of growth in Europe, with the possibility of a further rise in the rate in 1987. This will also be the case in the Netherlands, although the sharp fall in natural gas revenue as a result of the drop in oil prices will cause a temporary problem in 1987, albeit primarily for the national exchequer. Leaving aside the energy situation, national income in the Netherlands will develop parallel to that of West Germany.

Negative Inflation

In 1986, for the first time in many years, inflation will be reduced to zero in the Netherlands. This result owes much to the very modest wage increases and, partly as a result of this, the marked slow-down in price increases over the past few years. The fall in the price of oil registered at the beginning of 1986 and the sharp drop in the value of the American dollar against the guilder will help to cut the rate of inflation still further in 1987, and the price index for private consumption is actually expected to fall by 1 percent.

Prices Fall

In practical terms this means substantially lower prices for households and firms. A large part of the price cuts enjoyed by firms will also be passed on to households in the lower prices which they charge for their goods.

The reduction in natural gas charges for domestic users is the most important single factor contributing to the drop in prices. Other energy prices (particularly electricity rates) and the price of imports will also help to bring down prices, but their impact will be less marked than in 1986. Upward pressure on prices will come from rent increases, which will average 2 percent on 1 July 1987, and the effects of the proposed increase in VAT on 1 October 1986 and in excise duty on oil products a month later.

Increase in Real Disposable Income

Reductions in social security contributions, the absence of price increases, and lower prices for certain commodities such as natural gas, will result in an increase of some 2.5 percent in real disposable income from private sector employees in 1987 and 1.5-2 percent increase for public servants and recipients of social security benefits.

Evolution of real disposable income in 1986 and 1987.

(% change compared with preceding year)

	1986	1987
Modal employee in private sector	2.5	2.5
Lowest income categories	1 to 1.5	1.5
Modal public servant	1.5 to 2	1.5 to 2

There will be an associated increase of 2.5 percent in private consumption in 1987, compared with 3 percent in 1986. Extra expenditure is forecast on consumer durables and travel.

Company Profits Up

Dutch industry has become more profitable. The ratio of wages to profits in the private sector (the earned income ratio) will stabilise at just over 81 percent in 1987, after a sharp fall in 1986 from 84.5 percent to 81 percent. The recovery of company profits may also be accompanied by an increase in real disposable income, not only for employees in the private sector but also for public servants and those receiving social security benefits. This is despite the fact that in the case of the latter categories, nominal incomes are frozen.

Investment Increases

Business investment will continue to rise. After the 8 percent increase in 1986 it will rise by 4.5 percent in 1987 to reach a level 30 percent higher than that of 1982. A notable feature of the 1987 figure is a 10 percent increase in investment in business premises. The figures are encouraging, being achieved despite the increase in the burden of social charges and the postponement of investment in the energy sector as a result of the drop in oil prices.

Exports Increase

Continuing growth in other industrial nations and the improvement in the competitive position of the Netherlands are having a beneficial effect on exports. Moreover, the drop in oil prices may stimulate international trade, which is of crucial importance to the Netherlands. There is thus the possibility of further growth in Dutch exports. For 1987 a surplus of 13.5 billion guilders is forecast on the current account of the balance of payments, compared to 17 billion in 1986. The Netherlands is once more expected to increase its share in foreign markets in 1987. Imports of goods will rise again in 1987 as a result of increased consumption and investment.

Increase in Employment

The pattern of increasing expenditure and rising imports will lead to an increase in business output of 2 to 2.5 percent in 1987. This figure rises to 3 percent if the energy sector is excluded. Employment in the private sector can thus continue to increase. Despite a decline in the number of public servants and workforce reductions in the health sector, total employment will increase by 40,000 man-years in 1987.

Rise in Savings

National savings have now returned to the level prevailing in the second half of the nineteen seventies, despite the public sector deficit. The increase in business savings in response to the recovery of profits has been particularly important in contributing to this revival. Personal savings in the Netherlands still hover around 10 percent of National Income. Such savings may be subdivided into contractual savings for pensions and other insurance schemes (8 percent) and other uncommitted personal savings (2 percent).

Financing the Budget Deficit

There are no problems associated with financing the Dutch budget deficit. The amount actually to be financed this year will be particularly low, thanks to one-off repayments to the central government of Housing Act loans by the housing corporations. The Coalition Accord concluded on the formation of the new government in July provides for a phased reduction in the financial deficit to 4.5 percent of GDP in 1990, according to the following timetable: 7 percent in 1987, 6 percent in 1988 and 5 percent in 1989.

Burden of Social Charges

The burden of social charges will remain more or less stable from 1986 to 1987. The social insurance contributions will fall slightly as a percentage of gross salary for both employers and employees. The burden of non-tax revenue which is equivalent to a social charge will fall as a result of lower revenue from natural gas. There will be a slight increase in the tax burden.

Burden of social charges as a % of GDP

Tax burden	26.0%
Social security	20.0%
Non-tax revenue which is equivalent to a social charge	0.8%
Total	46.8%

The 1987 Budget

The 1987 Budget is the first prepared by the Government which took office in July 1986. The Coalition Accord concluded on the formation of the new government provides for measures worth a total of 18.5 billion guilders to be taken in the period up to 1990 with a view to curbing the central government deficit still further. A total of 1.2 billion guilders will be available for additional expenditure.

Cuts

Natural gas revenue in the national budget will fall by 12.6 billion guilders from 21.2 billion guilders in 1986 to 8.6 billion in 1987. In order to cope with this fall, the Minister of Finance is submitting proposals to parliament for a substantial package of cuts and fiscal measures worth 12.3 billion guilders. This would have the effect of containing the financial deficit at 7 percent of GDP.

Cuts in 1987 will total 5.4 billion guilders. Savings of 2.4 billion guilders will be made on departmental budgets, 1.2 billion on the salaries of public servants and employees whose salaries are linked to them, 1.2 billion on social security and 0.6 billion on public health. 3.7 billion guilders of the cuts proposed will contribute directly to reducing the budget deficit.

Increase in Revenue

In addition to the spending cuts, measures will be taken to increase state revenue by 6.9 billion guilders. Fiscal measures are expected to raise 4.6 billion guilders and other measures 2.3 billion. The fiscal measures consist of a reduction and alteration in capital allowances and the abolition of stock allowances in income tax and corporation tax (which will account for 1.8 billion guilders), an increase of one percentage point in both rates of VAT, bringing the reduced rate up to 6 percent and the normal rate of 20 percent (this will yield an extra 2.0 billion guilders), an increase in excise duty on mineral oils of 9 cents per litre and a corresponding increase in the LPG surcharge (yielding 0.8 billion guilders). Non-fiscal measures to increase revenue will yield 0.9 billion guilders. These consist of the knock-on effect on natural gas revenues of the increase in excise duty, which will raise an extra 0.5 billion guilders, while the sale of state shareholdings and extra gas sales will yield a further 0.4 billion guilders. Various incidental items of revenue worth 1.4 billion guilders will bring the total to 6.9 billion for 1987.

Overview

	Budget Projection 1986	Outturn 1986	Budget Projection 1987
In billions of guilders			
Central government expenditures	169.5	169.3	167.9
Central government revenue of which:	142.9	157.4	138.6
early repayment of loans for Housing Act construction (e.r.l.)	(0.7)	(13.0)	(*)
Central government deficit	- 26.5	- 11.9	- 29.3
Central government deficit excluding e.r.l.	- 27.2	- 24.9	- 29.3
as a % of National Income			
Central government deficit	6.3	2.8	6.7
Central government deficit excl.e.r.l.	6.4	5.9	6.7
Public expenditure financed directly on the capital market	0.3	0.3	0.3
Central government deficit excl. e.r.l. and including debudgeted items	6.7	6.2	7.0

(*) = token entry

Additional Expenditure

Measures to limit the public sector deficit plus incidental extra revenue will produce a total of 12.2 billion builders in 1987. Over against this, a sum of 534 million in additional expenditure was announced for 1987 in the Coalition Accord. The Government has added a further 260 million guilders to this figure, making a total of 794 million guilders for extra expenditure in 1987.

Overview of expenditure increases in 1987 (millions of guilders)

Job Creation measures	250
Education	50
Police, justice	50
Soil clean-up schemes	16
Measures to tackle problem of surplus manure	25
Total local government	143
Central government contribution to National Road Fund	100
Annual supplement for families living on minimum income for more than one year	60
Investment PTT	100
	794

Slimming Down the Civil Service

Major Operations

Further steps will be taken to cut back the public sector in favour of the private sector in the Netherlands. In this connection the major operations initiated under the previous government will be continued and intensified by the new cabinet. The topics of reassessment, privatisation, central government staff cuts and deregulation will be discussed briefly below.

Reassessment

As is customary, the results of the latest round of reassessment are presented on Budget Day. The surveys are prepared by the beginning of February for use in the preparation of the next budget. The completed reports are then sent to parliament. Cabinet decisions on the recommendations and policy variants are communicated to parliament as soon as possible.

Privatisation

The Coalition Accord states that decisions must be taken within six months regarding the current round of privatisation studies. The studies concern some 34,000 public servants.

Slimming Down Central Government

Under the slogan "Less government but better government," the Coalition Accord announced that the central government apparatus and the quaternary sector would be cut back in the course of this government's period of office. To quote the Coalition Accord: "There is a need to reduce the government's role in many fields, making its responsibilities more general and concentrating on strategic aspects." In hard figures the Accord proposes that 20,000 jobs should be shed in central government over the next four years. This would mean savings of 1 billion guilders in government expenditure. Each sector will be expected to achieve a 1 percent reduction in staff in the context of an efficiency drive. Over and above this a further reduction to limit bureaucracy will be imposed at a rate that will vary from department to department but that will average 2 percent.

Central Government Staff Cuts in 1987

Shortage of time prevented the government from producing detailed plans for staff cuts in 1987. The 2 percent operation introduced under the previous government will therefore be continued in a modified form. As a result, 1,637 establishment posts will be dispensed with in central government.

A 1 percent reduction for the sake of efficiency will also be applied. There will be a 3 percent reduction in the number of establishment posts at the Public Servants' Superannuation Fund (ABP) and among the civilian employees of the Ministry of Defence. These measures together will result in the loss of a further 2,363 posts in 1987.

Deregulation

The new government will energetically pursue deregulation in its period of office. Private firms, ordinary citizens and local government are still subject to too many rules and regulations.

/9274
CSO: 3600/2

REASONS FOR SLOW ECONOMIC GROWTH EXAMINED

Amsterdam ELSEVIERS WEEKBLAD in Dutch 21 Jun 86 pp 7-9

[Article by Henk Schol: "Dutch Economy Plagued by 'Pfeiffer's Disease"; first paragraph is EW's introduction]

[Text] While the competition is slowly getting going again, the Netherlands is doing a step-in-place at the tail end of the platoon. The economic recovery is dawning, but it is going terribly slowly. Strange, really, because the purchasing power and work opportunity are growing. Is it just a mirage? The Netherlands is presented the bill for many years of overspending.

A dawn in slow motion. That is just about the speed at which the Netherlands is recovering. In a frustratingly slow manner the national economy is crawling out of the valley in which it had landed at the beginning of the eighties.

That already weak tempo is in danger of declining even further in the coming years. The day after the elections of 21 May--a little stroke of luck for Lubbers?--the OECD was the first to spoil the mood of the policy makers in The Hague by announcing that the economic growth of the Netherlands would dive below 1 percent next year. Informateur De Koning bravely made it known that he would not take the curious views of these Parisian doomsayers into account.

A little while later, however, our "own" Central Planning Bureau also had to adjust the figures downward--although much less pessimistically. In the 1986 Central Economic Plan which came out at the beginning of May, the Planning Bureau was still expecting a growth of 2 to 2.5 percent for this year and 2 percent for 1987. Recalculations at the beginning of this month did not achieve a growth of more than 2 percent and 1.5 percent respectively.

With that, the Netherlands is falling farther behind the growth of fellow aspirants in the Western world. The Federal Republic of Germany and the United States count on growth figures of 3.5 and 3.75 percent for this year. For Western Europe on the average, the OECD keeps the figure for this year at 2.75 and for next year at 2.5 percent.

Then how about the Netherlands? The 1986 election year presents a reasonably sunny picture in numerous respects--except for the weather itself. The purchasing power is increasing considerably, work opportunity is increasing, even though only slightly, and unemployment is steadily decreasing.

That last development would look even more encouraging if the corruption which the Ministry of Social Affairs discovered in the constituency of registered unemployed were wiped out. A recent investigation by the department showed that one out of four of the almost 700,000 registered unemployed actually hold a job! 10 Percent even have a regular job, 15 percent have a temporary job. One out of 8 unemployed in fact do not meet the definition (study, are ill or are looking for a job of less than 20 hours a week).

On the other hand there is a small army of men and women who would like to work but do not (yet) want to make use of the aid of the employment bureau. Even if that group is included in the calculations, the unemployment figure would still fall significantly below the figures being used now.

Behind

At first sight, the Netherlands anno 1986 really doesn't look that bad. However, we are getting behind. Apparently the problems go deeper than what is apparent on the surface by the improved purchasing power, increasing consumption and investments and decreasing unemployment.

The Netherlands is struggling with the economic variant of Pfeiffer's disease. It is an obnoxious viral infection which is not only difficult to eliminate but can also easily return when the patient manifests a somewhat weaker condition.

The "over-consumption" virus has eroded the resistance of the Dutch economy in the sixties and seventies. Much too large a part of the then rather decent economic growth was "consumed" and not invested in strengthening the economic foundation.

Wage demands were met which exceeded the actual capacity--the extra production per person per year, or the increase of the labor productivity. In that manner the profits of industry were skimmed off and the financial resistive capability of many companies undermined. Whereas in the sixties well over half of the total capital invested by companies consisted of "private capital" (stocks, reserves), at the beginning of the eighties that ratio, the solvability, had diminished to one third. In the too hefty wage increases, the cost of the expanding collective sector was also negotiated. Consecutive governments in The Hague inseparably riveted together the incomes of those who eat from the state trough or from the social funds with the wage increase rounds in the market sector which actually were too high already. Through the flywheel of passing the buck, which was turning at full speed, the bill was presented to the entrepreneurs.

Of course, the latter were themselves present. However, just as was the case with union leaders and politicians, many CAO [Collective Labor Agreement] negotiators from business circles were robbed of a realistic view by the shadow cast by trees which seemed to reach to the sky.

There was actually no reaction at all to the first oil crisis, in 1973. A second oil shock therapy (in '79-'80) was needed to bring the Netherlands back to the ground with both feet.

Suddenly companies no longer appeared to be able to absorb this new setback. Investments fell completely flat, after many years of an already decreasing growth. Unemployment rose dramatically. And there was no longer a stimulating Father State who could help out. He had already been living beyond his means for many years, partly in the assumption that the Dutch [natural] gas bubble would ultimately solve all budgetary problems. Meanwhile we know that the gas bubble turned out to be a soap bubble.

One little stroke of luck in this misfortune was that at the time of the crisis it was discovered that many of those subject to taxes and [social] premiums worked partially or fully clandestinely. Also, slowly but surely it was realized that it was not exactly promoting the construction sector when an average row-house inhabitant had to go as high as the Council of State before being permitted to have a dormer built in his roof.

The Netherlands, which at the time of the Van Agt cabinets was not yet "ripe" for adjustments, turned out to be more willing to accept an anti-Pfeiffer cure at the time Dr Lubbers and his fellow assistants took office.

Pill

Wage moderation came out of the medicine cabinet. But in CAO country the sun does not rise in vain. Hence, as a reward for the conscientious swallowing of this pill, employees were allowed a somewhat shorter average workweek. In essence it was a counterfeit pill, a placebo, this work time shortening. After all, ATV [work time shortening] is just as much an improvement of labor conditions as a wage increase, except that it is now paid in free time. This remedy did, however, soften the consequences of reorganization in industry on work opportunity. Thus ATV can be at most a painkiller.

Also the entrepreneurs themselves were given a little pill by the doctor, in the form of a few billion guilders in lower burdens. Further, a careful start was made with the surgical removal of the protuberances in the muddle of laws and regulations which frustrate the dynamics of the economy.

"More market, less government" became one of the methods of treatment of Pfeiffer's disease in the economy. That credo also received a financial interpretation. Hefty cutbacks in government expenditures and in those of the social funds caused the share of the collective sector in the national economy to decrease from over 70 percent in 1982 to a little below 67 percent this year.

In one area Lubbers achieved a Pyrrhic victory. The financing deficit of the government decreased from 10 to 8 percent in the cabinet period which has just finished. That "profit" is in danger of being entirely lost next year as a result of the natural gas income of the government being halved.

Therefore state informateur De Koning is facing a difficult dilemma. Can we, here in The Hague, sell the Netherlands on the idea that another 4 years of hefty cutbacks are necessary after government expenditures have already been cut into so deeply?

The answer will certainly be: No, we can't achieve that. Thus negotiators De Vries (CDA [Christian Democratic Appeal]) and Nijpels (VVD [People's Party for Freedom and Democracy)] are steering toward a cutback package of about half of the 35 billion guilders which were weeded out during the last 4 years, even though the financial problem of the government--a deficit of 10 percent of the national income in 1982 and 1987--is exactly the same. Greater, actually, for in the meantime the national debt and interest share of the budget have only grown.

The other side of the coin is the fact that cutting back curbs economic growth, at least in the short term. It may be true that politicians often look toward infinity, but as a rule they look a maximum of 4 years ahead.

After all, they have to score in order to promote their reelection. That is also the reason that during the election campaigns all the attention went to the beneficial result of the Lubbers prescription that indeed had borne fruit. And for that matter, not entirely undeserved. But the suggestion that "The Job" can be "finished" in the coming 4 years is optimistic, to say the least.

That image also led to general incomprehension of the lack of willingness in the enterprising Netherlands to invest heavily. Namely, things aren't going too well in that corner. Investments are rising very slowly, but for the coming years even a decline of that average snail's pace is expected. That perspective makes some people so impatient that they think the government should take the lead on the investment front, notwithstanding its awkward financial circumstances.

Why is the industrial sector in the Netherlands still investing merely little by little? Because it is still far from recuperated from Pfeiffer's disease, the over-consuming which unbalanced the economy in the sixties and seventies.

Advance

With the growing purchasing power and thus the increasing consuming possibilities, the Netherlands is in fact once again taking an advance on a reward not really earned yet. But yes, the dilemma is great for the policy makers in The Hague. Apparently it is not possible to keep on a tight budget for a number of years a society which since the liberation has become accustomed to an annually increasing prosperity--at least in its own pocket.

There is one advantage to taking a little advance on the reward not yet earned. It is true here too: in the short term a somewhat higher economic growth will come about as a result of increasing consumer spending.

But the continually greater loss of ground booked by the Netherlands on the international level simultaneously indicates that structurally--on the issue of the fundamental condition of the economy--too much is still lacking to take a new jump forward.

Not only do Dutch enterprises have too little financial resistive capability on the average. Not only is the average return on investment still too low. The Netherlands moreover gets the bill presented to it for an investment level which was too low for many years--compared to that of competitors on the world market. Although the moderated wage development of the past few years may have improved the Dutch competitive position on the cost side, the country scores far below the average in the areas of modern production techniques and of superior quality products. And that is where the battle must be won in the coming decades.

It is rather paradoxical that everyone agrees with this finding. The report "The Netherlands in the World Economy, Perspectives and Possibilities" which was published by the Social Economic Council last year contains hardly any other conclusions than those arrived at a few years earlier by the Wagner commission.

The SER [Social Economic Council]: "It has been demonstrated that Europe (and the Netherlands) has (have) acquired a serious gap relative to Japan and the United States both with respect to economic growth and the restructuring and modernizing of industry. (. . .) If the Dutch position (on the world market, HS) is judged on the basis of the advanced product groups list utilized by the European Commission, then it appears to be a matter of a dramatic worsening, even though this recession appears to have come to an end at the beginning of the eighties."

That the "dramatic recession"--which doesn't apply only to the products package--has come to an end is no reason whatsoever for being cheerful.

Whereas it is true that the Netherlands as a whole ought to grow more rapidly than its competitors in order not just to earn the money with which to finance closing the gaps, a more rapid growth than average is also desired to take care of the comparatively much more rapidly increasing labor supply.

Services

The commercial services sector is responsible for almost half of the total employment opportunity and thus determines to a not unimportant extent the total development of work opportunity. The Central Planning Bureau does not appear very optimistic about the future of the commercial services sector as a contributor to the strengthening of the Dutch export position.

It is expected that the Netherlands will get even farther behind other exporters of services in this area. Here too the bottleneck is the inadequate investment level which causes technological gaps. The Planning Bureau also sees the insufficient availability of qualified personnel as a curb to growth.

The total output of the services sector nevertheless can continue to grow at the current, likewise not very rapid, level, unless the generic wage moderation is continued, without a tax decrease. The latter road is impassable for the time being, in view of the many budget holes it is paved with.

Economists are racking their brains to find the prescription which can deliver the Netherlands from Pfeiffer's disease, which has maneuvered the country into a sort of stagnant fall, or--at best-- a "slow growth fall."

Economist Professor drs S.K. Kuipers calls the situation in which the Netherlands has landed a "lengthy process of adjustment." "The average returns are still far too low. The labor income share--the share from the total income eaten up by labor costs--will not dive below 80 percent in the coming years. But if we want to keep up with a faster growth, the necessary things will still have to be done about that.

"Capital ratios have not yet recuperated from the setback of the last years. There are two ways to improve that: make more profit and with it pay off foreign capital, or invest and finance those investments from profits or through the attraction of private capital through new stock issues. Those issues only succeed, however, if the level of returns is high. That level is low just now. Thus the contribution of public issues is limited. Therefore recovery is taking place slowly and you can't accelerate it."

According to Kuipers a moderate cost development continues to be the most important medicine. According to him, the crucial question will become: will a differentiated wage policy succeed? "If the wage structure stays as rigid as it is now and everyone just sits looking at everyone else regardless of whether he works in a branch of industry with good returns or bad returns, we will continue to have problems for many years. The recovery will continue to take place--leaving aside shocks from the outside for the moment being--but it will be at an extremely low tempo."

The Netherlands really hasn't had much luck. No sooner have we finally shaken off the spook of inflation, aided by the collapse of the world oil market, than the prospect of decreasing prices even presents itself and turns out to be an obstacle for further wage moderation or wage differentiation.

After all, to consistently continue with that moderation would mean that nominal wage decreases are required. But to sell this idea to employees, who since the liberation have found every year more guilders in their pocket, is a complicated matter. Purchasing power is something Johnny Average doesn't take into account, even though some politicians fight to the death for a better "picture." It is the thickness of the wage envelope that counts. In the jargon of the experts that false idea is called money illusion.

The guardians of the country's industrial sector at the Ministry of Economic Affairs also are mortally afraid of this money illusion. Drs G. Zalm, chief of the administration of general economic policy, considers a moderate but differentiated wage development of vital importance in being able to increase the slow recovery tempo through permanent improvements. Our growth tempo is still almost at the critical limit. My greatest fear is a new international shock. For the Netherlands it is of vital importance that the economy become more dynamic."

As to wage development, it might be more dynamic to make profits partly dependent upon wages. In ECONOMIC OUTLOOK of December 1985 the OECD delivered a warm plea for this manner of flexibilizing the labor market.

Resistance

In the coming years industry needs the financial space to strengthen both its capability to resist and to invest in the improvement of its competitive position. Better machinery, superior products and top quality are the key words in that respect. If that process doesn't speed up rapidly, the Netherlands will, for the time being, continue to plod along at a snail's pace to the year 2000. International investors--who can also be found in the Netherlands--will also pass our door or leave us if the "climate" doesn't improve.

The "flight of capital," already sizeable now, will continue even if a small army of surprised people protests at the border. It so happens that money streams toward the spot which yields the greatest return. That return turns out better not only when locally a low level of costs prevails, but also when there are factors such as a supply of modern capital goods, a complement of well-trained of employees, an adequate infrastructure and a decent level of research and development. On that last point also, the Netherlands has been deficient for a number of years, according to the OECD this spring.

The Netherlands is rising up again, but there isn't much yeast in the batter. Thanks to the labor costs moderation, the slightly decreased greed of the collective sector and, especially, thanks to the international recovery, the situation seems considerably improved, at least on the surface. The Netherlands, which depends on export for two thirds of its national income, must undergo a subsequent cure in order to attain a fundamentally strong position on the world market. While it is still not halfway through the recovery process, it seems as if its resistance capacity is already waning. The first profits are distributed in purchasing power--and hence in consumption opportunities--and heavier tax burdens are awaiting industry in order to help the government out of the financial mess. That too is called cutting back, these days. No, Lubber's job is by no means finished. Former Minister Van der Stee once uttered the often quoted statement: "What is needed is guts!"

He himself didn't have much guts, but he was right.

8700
CSO: 3614/119

INDUSTRY LEADER COMMENTS ON OPPORTUNITIES IN USSR

Oslo AFTENPOSTEN in Norwegian 10 Jul 86 P 20

[Article by Halvor Hegtun: "Soviet Deputy Minister--Norwegian Industry is Welcome"]

[Text] The Soviet Union would like to have Norwegian firms participate in what is being called "the industrial project of the century" on the Kola peninsula. A Soviet commission has worked for some time with the plans which are aimed at improving the utilization of the enormous mineral resources in the area.

A. N. Mansjunko, Deputy Minister for Foreign Trade, tells the Finnish newspaper KANSAN UUTISET that the Soviet Union has had contacts with Swedish, Finnish, and Norwegian firms regarding a possible cooperation.

Last year former Trade Minister Asbjorn Haugstvedt was in Kirovsk on the Kola peninsula together with representatives for Elkem, Orkla Industries and A/S Prosjektering. As far as AFTENPOSTEN knows, to date none of these companies have received contracts with the Russians.

"I got the impression that the Russians had their feelers out in many countries and that there will be a tough fight for the contracts," Asbjorn Haugstvedt tells AFTENPOSTEN.

The Norwegian delegation visited several mines where ilmenite is extracted. The ore also contains many other valuable minerals, and the Russians would like to get help in extracting them.

"The Norwegian firms have been waiting long for a more concrete initiative," says Asbjorn Haugstvedt.

The search for ore on Kola has discovered traces of 700 minerals, approximately one fourth of all known minerals.

In an interview with the Finnish newspaper the deputy minister says that the Soviet Union is concentrating on building up the industrial installations which the country already has rather than constructing new ones.

12381
CSO: 3639/135

PAPER COMMENTS ON FINANCE MINISTER'S WARNINGS

Oslo AFTENPOSTEN in Norwegian 12 Jul 86 P 2

[Editorial: "Welcome to the Club"]

[Text] According to Finance Minister Gunnar Berge there is little to indicate that most people have realized how serious the sitation actually is for the Norwegian economy. His article in AFTENPOSTEN yesterday was an echo of the deep sigh by his predecessor, Rolf Presthus, that only the smallest number understood which national disaster was about to hit us already before the change in government. Presthus can in good conscience welcome Berge to the club.

Yesterday Berge put forward with a wide pen that the Willoch government undertook a "frank and factual analysis of the problems the Norwegian economy had come up against in the spring of 1986 when they presented their supplement to the long-term program". Berge deserves praise for his frankness. But it should be added that already during the budget discussion in the fall of last year the government at the time issued clear warnings, and there was no understanding worth mentioning to be noticed in the Labor Party.

On the contrary, the Socialist parties in cooperation with the Progress Party drove up the expenditures. However, it continues to be better late than never. Now Berge says straight out that there is no room for growth in private consumption in 1987, 1988, or 1989. He further emphasizes that among other things a basis must be established for a "solid, long-term growth in production which is exposed to competition". We, for our part, want to warn the government against relying on the devaluation when it comes to growth-promoting efforts.

It is more important than anything else to keep the price and cost development in check. It should be sufficient to point to the price index which the Statistical Central Bureau published on Thursday. A rise in prices of 1.7 percent from May til June clearly indicates what we can expect in the coming months. Some of this--for the time being--last price jump can of course be explained by higher import prices as a consequence of the devaluation of the kroner'. But neither should one underestimate the price-increasing effects of a gnawing fear of a future price freeze.

It is worse that everything we have so far seen of the retrenchment efforts from the government's side clearly indicates that the lion's share of the so-called tightening will come on the income side in the form of tax increases. There is no longer any disagreement among responsible politicians that the situation is serious.

The dividing lines runs between those who understand that it is now more than ever important to encourage extra efforts on the one side and the Socialist parties on the other side. As we know, in every difficult situation the Labor Party resorts to tax increases as a type of open sesame. The warning words of the finance minister yesterday give every reason to fear that we are facing a re-issue of a tightening arrangement which can only make the situation worse.

12831
CSO: 3639/135

UPWARD TREND SEEN IN EARNINGS, SAVINGS, GOVERNMENT TRANSFERS, DEBT

Lisbon SEMANARIO in Portuguese 6 Sep 86 p 18

[Article by Alvaro Mendonca]

[Text] We are earning more and more, saving more and more, and receiving more and more from the government. This optimistic view comes from the Bank of Portugal in a report comparing our current situation with that of 1958. But, just as every rose has a thorn, we are borrowing and spending more and more too.

Thus private consumption in Portugal jumped from 168 million contos to more than 459.8 million contos between 1958 and last year. When we consider that these figures have already been adjusted for inflation, we can see that our purchasing power is rising higher and higher. That's what the statistics say, despite the fact that our actual experience would seem to refute it.

But if individuals have not managed to triple their spending, it does seem that the government has been a regular spendthrift. Whereas the government was spending 17 million contos prior to the beginning of the 1970's, it now seems to be spending about 10 times that, i.e., 170 million.

As proof of the accuracy of these figures, we have the years 1978, 1983, and 1984 to refresh our memory of the periods of austerity. If we leave out 1962, now ancient history, we see that those three "black" years were the only ones in which private consumption declined relative to the preceding 12-month period.

Taxes to Blame

It is obvious that such a policy presupposes a growth in the earnings of each one of us. To the 26 million contos in wages and salaries paid in 1958 is added a nearly equivalent sum derived from the income of private companies and property. The total amount available, then, was less than 53 million contos--after deducting the nearly 2 million contos that the government takes in the form of taxes.

Dividing this by the nine million Portuguese existing at the time, we come up with an average annual per capita income of about six contos. And we didn't live badly at all. Remember the little two-escudo steaks and the trolley ticket that cost a half tostao (tostao?)?

Now there are almost 11 million of us, but we receive more than 3.343 billion contos. Which gives each of us an annual per capital income of more than 300 contos (or 25 per month.)

And taxes? That's what spoils things for us, because they have jumped to more than 237 million contos, or to about one-sixth of what we receive in wages and salaries (1.310 billion.) And even so, we are managing to save more than we did 27 years ago (964 million compared with 1958's insignificant 7 million.)

Portugal--The Mediterranean Sweden

Another aspect of the Bank of Portugal study shows how we have become a welfare state, a sort of mediterranean Sweden where the government pays its citizens more and more. In general terms, transfers have risen by 2.5 million contos, to over 466 million. Subsidies have jumped to 150 million from less than one million. It is interesting to note how the government becomes more solicitious during election year. Since 1974, both those categories have risen substantially, especially in election years.

On the other hand, we have reasons to recall with nostalgia past periods of austerity when we didn't owe anything to anyone. To judge by the trend in the interest rates on our foreign debt, some day we will be working only to pay it off.

Let's see: we have gone from a total of 312 thousand contos in interest paid overseas in 1958 to 277 million contos last year. We reached the million point for the first time in 1971 (we don't know whether or not there was any celebration.) In 1977, we would manage to double that figure and then, seven years later, repeat that accomplishment.

12830/12948
CSO: 3542/162

ARMAMENTS INDUSTRY REPORTS SLACKENED DEMAND

Munich SUEDDEUTSCHE ZEITUNG in German 12 Aug 86 p 21

[Article by ts: "France's Armaments Industry Goes Lame--Decrease in Export Business Forces Cutback in Production"]

[Text] Paris--France's armaments industry, which employs not only 300,000 persons and thus 6 percent of all industrial workers but also 400,000 employees of related suppliers, is seeing its activities slow down after a fairly long period of prosperity. Foreign orders are decreasing and the cutback in expenditures by the French government does not spare the national military budget either. At the present time, there are no indications that the armaments business will improve again soon.

With an 11.5 percent share in the export of weapons and military equipment, France remains in third place behind the United States (36 percent) and the Soviet Union (30 percent), but very far ahead of England (5.7 percent) and the FRG (3.7 percent); however, the total value of these orders will probably shrink further. By 1985, foreign orders from France had already decreased from DM17.9 billion to DM12.9 billion. With these decreases, France is following a world-wide trend; because international weapons sales, which still reached $40 billion in 1980, have subsequently decreased to $30 billion.

France's exports of weapons and military equipment are foreseeably being further shrunk by the sharp decrease in income for the oil producers in the Middle East, who were formerly the main customers of the French armaments industry, and by the financial difficulties of some of the highly debt-ridden Third World nations. The French armaments industry fears such a development even more as there reigns on the world market the strong presence of new suppliers such as Spain, Brazil, Israel, and China.

Based upon the current status of domestic and foreign orders, the French armaments industry will have to reduce its total workforce by 30,000 workers, or 10 percent. Reductions in force are already underway at various firms such as the nationalized Aerospatiale, which expects to eliminate 2,400 jobs by the end of 1987. There are to be immediate layoffs of 400 at Constructions Mecaniques de Cherbourg and 2,000 at the Panhard firm. In spite of the loss of export business, France's foreign trade in military equipment in 1985, with a value of DM11.1 billion versus imports of DM1.51 billion, retained a healthy favorable trade balance of DM9.59 billion. During the past five years aircraft, helicopters, and ballistic missiles represented with 52 percent the major portion of French armaments exports, ahead of weapons and equipment for land forces (35 percent) and ahead of equipment for naval forces (13 percent).

Top production figures for 1985 were achieved by the nationalized firms of Thomson S.A. and Aerospatiale, equal to DM6.29 billion each, with respectively 61.5 percent and 50 percent in export business; by Marcel Dassault with DM4.7 billion (70 percent exports); by Matra with DM1.38 billion (53 percent exports); and by the engine manufacturer Snecma with DM1.1 billion (60 percent exports).

13275/12858
CSO: 3620/796

ALTENBURG SEES DEFENSE BUDGET INADEQUATE TO EFFECT REFORMS

Hamburg DER SPIEGEL in German 15 Sep 86 pp 36-40

[Unattributed article: "Beautiful Plans"]

[Text] As a farewell gesture, Bundeswehr Chief of Staff Altenburg picks a bone with his minister: the Bundeswehr needs more money to implement Woerner's ambitious plans.

The first warning shot sounded on 11 June in the cabinet; the ministers failed to hear it. The second explosion came in a newspaper article; last week it caused the desired uproar in the defense ministry and in the parliament.

The man responsible for the excitement is Bundeswehr Chief of Staff Wolfgang Altenburg, an officer equally respected by the coalition and the opposition. The highest-ranking German soldier calls for greater defense expenditures and voluntary service for women in the Bundeswehr.

Altenburg is not only the top military advisor of the federal government; he is also the defense minister's official in charge of planning. Until now he has loyally supported Manfred Woerner's manpower and military defense plans--frequently against his better judgment. Now, just prior to his reassignment to Brussels as chairman of the NATO Military Committee, he disagrees. He indicates that it is not his fault if all the beautiful plans will fail to come to fruition.

Bundeswehr planning, so lectured Altenburg in last Wednesday's DIE WELT, though accomplished in accordance with the wishes of the chief of staff, is the "responsibility of the political decisionmakers." Even today there are "trends surfacing which we must take into account."

In the second part of his article, published the following day, Altenburg put more coals on the fire. He called for "enlightening the citizenry concerning the forthcoming political machinations for the 1990s."

"This includes," writes the general, "an open discussion of consequences to be expected if necessary decisions on security policy are not made simply for the sake of convenience."

The long-smoldering conflict involving Bundeswehr manpower and financial planning between Altenburg and his minister has thus burst into flames.

In early July, the chief of staff had presented to the cabinet an analysis of the threat posed by the Warsaw Pact. The conservatives were so impressed with it that CDU/CSU Fraction Chief Alfred Dregger recommended that it be read by all Bundestag delegates.

Dregger not only overlooked the fact that the general's presentation had been classified "Secret"; he also failed to notice--along with the members of the cabinet--the conclusion at which Altenburg had arrived: If the Bundeswehr's conventional defense capability is to be improved, as the politicians wish it to be, would they kindly "make the required resources available for this purpose, even if this were to cause a rise in the financial plan ceiling." In other words: Altenburg wants more money.

The administration's draft defense budget nevertheless fell short of Altenburg's wishes. Instead of the DM52.17 billion asked for in the 1987 Bundeswehrplan, there will only be DM51.3 billion--still too much for Woerner's SPD predecessor Hans Apel ("those guys are drowning in money"), but not enough to suit Altenburg. Now he wants to force the politicians to let their big words be followed by deeds. "I have no problem with the word 'appeal,'" says Altenburg.

In September 1983, 5 months after taking office, the chief of staff had written to the minister that despite such measures as an increase in the period of obligatory military service and greater efforts to recruit volunteers, the strength of the Bundeswehr would decline to about 420,000 military in the 1990s: "A change or modification of the present structure is therefore mandatory."

Woerner made a different decision. He was not going to be the defense minister responsible for a shrinking Bundeswehr. No matter what the cost, the strength was to remain at 495,000. Altenburg said nothing.

The cabinet proposal of 11 October 1984 for extending the military service period from 15 to 18 months contained an "option" (on page 8) for "voluntary service by female soldiers." Federal Chancellor Helmut Kohl crossed that passage out. Altenburg said nothing, even though the sophisticated calculations became meaningless thereby.

In fact, to the displeasure of many officers, the chief of staff stated publicly that the defense ministry's plans were "realistic." But in the Military Command Council and in the Defense Committee, he repeatedly indicated his skepticism.

When 2 years ago during a meeting of general officers several officers confronted Altenburg with the statement that the defense ministry plans could never work out, his justification consisted of this question: "Do you think I should have quit over this?"

Altenburg managed to have others bring up his concern that there would not be enough money even for the next few years. Bundeswehr Plan 86 still contained a statement to the effect that the NATO commander-in-chief doubted that the present manpower of the Bundeswehr could be maintained, and that the funds allocated were adequate for modern armament.

By order of the minister, the chief of staff had to use more vague language in Bundeswehr Plan 87--to the effect that note must be taken of the fact that "financial framework" conditions for the West German armed forces had grown "perceptibly worse."

When Manfred Woerner nevertheless persisted in talking about "the best Bundeswehr and the best manpower situation", Altenburg stood by in silence. His loyalty appeared to have no limits.

But even after last week's uproar, Altenburg is confronted by reproach from his comrades that when things were really getting tough, he was bugging out and acting according to the motto "apres moi le deluge." Altenburg defends himself vehemently against such criticism, but with little success-his new assignment in Brussels is not as important as he pretends.

General Gerd Schmueckle, retired, a former NATO deputy commander-in-chief (Europe), reports in his book "Ohne Pauken und Trompeten" [Without Drums and Trumpets"] on a talk he had with British Admiral-of-the-Fleet Peter Hill-Norton, one of Altenburg's predecessors: "We fully agreed on one point in advance: the best thing to do would be to disband the NATO Military Committee because of its uselessness, and not to replace it with anything else."

9273/12379
CSO: 3620/2

BORDER GUARD'S SUPER PUMAS TO HAVE GEAR FOR ASW ROLE

Helsinki HELSINGIN SANOMAT in Finnish 5 Sep 86 p 11

[Article by Jyri Raivio: "New Rescue Helicopters Also Search For Submarines"]

[Text] Farnborough--Finland will receive its first effective system for the surveillance of submarines in October of next year when the first of two French Super Puma helicopters ordered last summer is delivered.

It is not the Defense Forces, however, but the Border Guard which will be conducting the surveillance of submarines with the help of helicopters. Its new helicopters will be equipped for this purpose with a French-made depth-finder or sonar equipment, for which the attachment devices will be manufactured at Valmet's Kuorevesi Plant.

The Border Guard has been considered as a suitable organization for the surveillance of submarines for two reasons. Its modern French helicopters procured primarily for sea rescue operations are well suited as carriers for sonar equipment. The present Soviet Mi-8 helicopters, which have been found to be unsuitable for sea rescue operations, would also not have been suitable for the surveillance of submarines.

The Border Guard is also in a better position with respect to searching for submarines for the reason that it has access to the demilitarized Aland Islands. The new Super Pumas, which will be based in Turku, will be recorded in the civilian registry as are the Border Guard's other aircraft. The Aland Islands are off limits to military aircraft.

The transactions for the two Super Pumas, manufactured by Aerospatiale, the French state owned aircraft plant, were concluded in the summer after the approval of the first supplementary budget. Originally, the intent was to purchase the helicopters sooner, but the procurement authorization in the actual budget expired before an order could be placed.

The first Super Puma will be delivered in October 1987 and the second in January of the following year.

Representatives of the manufacturer at the Farnborough Air Show did not want to disclose the price of the two helicopters. Procurement agreements also include an option for two additional helicopters.

If needed, a torpedo weapons assembly can be mounted on the Super Puma for destroying a submarine found with sonar. However, a torpedo unit will not be mounted on the Border Guard's helicopters according to the company's representatives. A model of a Super Puma, which was equipped with the Exocet missiles that became famous in the Falkland war, was on display at Farnborough.

The Super Puma is a very modern two-engine jet helicopter. It is the world's only helicopter approved for instrument flying in freezing conditions at night as well as in the day. The Super Puma has deicing units in the rotor blades, which has been considered to be an essentially important property in Finland's conditions.

If necessary, it can transport even 24 people. For sea rescue purposes the Border Guard's helicopters will be equipped with a winch, which can lift two people or a load of 270 kilos. A total of 350 Super Pumas have been built.

As is often the custom in large transactions of this type, the Border Guard's Super Puma procurement includes a counterpurchase obligation, which is comparable to a sum 1.5 times that of the transaction. Thus this is the amount of new Finnish export products that Aerospatiale has promised to purchase.

This compensation trade obligation is exceptionally large according to the plant. Aerospatiale itself, however, will only only deal with one-fifth of it, which also includes Valmet's share. The suspensions for the sonar, which will be manufactured by the French Alcatel Company, will be made at Valmet's Kuorevesi Plant. In addition, Valmet will manufacture certain electronic gear for the new helicopters and will be responsible for their maintenance.

10576
CSO: 3617/169

FRENCH ARMY TO PARTICIPATE IN GERMAN MANEUVERS

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 16 Aug 86

[Article by Th: "French Troops Practice Forward Defense--Maneuvers of the 'Rapid Reaction Force' Planned Near Passau--Three Divisions With 20,000 Men"]

[Text] Frankfurt, 15 August--French troops will participate in German army maneuvers on a hitherto unknown scale. As was just announced, next year for the first time three divisions of the "Rapid Reaction Force" totalling almost 20,000 men will participate in an exercise of the German II Corps. The deployment of these troops in the area between Munich and Passau--much farther forward is hardly possible--also shows symbolically that France does not exclude participation in forward defense. The maneuver is being prepared as a command post exercise for the middle of October 1986. Until now, planning for maneuvers has been based more upon the concept that those units of the French army which have not been integrated into the NATO command structure--II Corps with headquarters in Baden-Baden is in the FRG, I Corps is in northeastern France--would more probably be employed against the Soviet Bloc's "second strategic echelon" or else made available to the "Center Army Group" in Heidelberg as reserve forces.

French participation comes out of an agreement between German Chancellor Kohl and French President Mitterrand. It is now learned that the recently noticed tendency to apply more energy to German-French cooperation "has led to such clear political willingness to cooperate also in military areas that military staffs can hardly still control independent actions." The French units of the First Division in Trier are already participating in brigade strength in the fall maneuver "Fraenkischer Schild" [Franconian Shield] of the German III Corps in Koblenz under Lieutenant General Diedrichs.

From the German side, one points to the services of French generals Houdet (II Corps) and De Llamby (First Army), who have for a long time personally supported close cooperation. During the NATO air maneuver "Central Enterprise" at the beginning of June, an air wing of the French tactical air force participated on a hitherto unknown scale, with approximately 100 airplanes. On the other hand, the hundreds of air operations by the Fourth Allied Air Fleet over northeastern France, with its simulated attacks upon airports, served not only to relieve German air space but also to test the French air defense system, which is with its early warning system closely interconnected with NATO installations. The French Mirages were supported by American fighter squadrons from the Eifel region.

The French Fourth Airmobile Division (DAM-Division Aeromobile) from Nancy, the Sixth Light Armored Division (DLB-Division légère blindée) from Nimes, and the Ninth Naval Infantry Division from St Malo are all to participate in Bavaria in the 1987 maneuver "Kecker Spatz" [Bold Sparrow] of the German II Corps under Lieuterant General Lange. During a meeting at the end of June, plans which have been in preparation for several months were agreed to in principle by the current Army chiefs of staff, General Sandrart and General Schmitt, for France's side.

Establishment of France's "Rapid Reaction Force" (FAR--Force d'Action Rapide), to which belong both the Arctic-terrain-specialized 27th Mountain Infantry Division in Grenoble and the 11th Airborne Division in southern France as well as command/control troops and a logistic brigade, was noted in the FRG with some concern because they feared a weakening of France's conventional armed forces, which might be called upon for use in Central Europe. The FAR units are different from the three army corps of the First Army in Strasbourg in that they are under the direct control of the army headquarters in Paris. Because the FAR was also designed for overseas use, doubt is cast upon the assurance that France wants to strengthen her military deterrent potential in Central Europe as well. In order to create the French Fourth Airmobile Division (DAM) and the Sixth Light Armored Division (DLB), the former Fourth Armored Division and the Sixth Armored Division were disbanded. Nevertheless, France has used the freed-up tanks and artillery pieces to replenish other units, especially those in the FRG as well.

Leading spokespersons for French defense policies, i.e., former defense ministers Hernu and Quilés and Chief of the General Staff Lacaze, had however indicated that, because of its greater strategic mobility, the FAR would make it more probable that France would go into action early during any conflict in Central Europe. Quilés had during preliminary talks in Germany emphasized that the FAR and the First Army complement each other: "The FAR can intervene either in support of the First Army or independently of it. It can be employed on the flanks of the First Army, in front of it, or behind it; and it can be directed either subordinate to its command or independently." The security of the Federal Republic of Germany would be strengthened by the fact that France is ready to participate in joint defense efforts from the beginning of a conflict. An enemy would have to realize that there would be greater possibility of coming into conflict with the armed forces of a country which has strategic and tactical nuclear weapons at its disposal.

The roughly 6,400-man French Fourth Airmobile Division (General Préaud) is, with its 240 helicopters, an especially mobile unit which can within a few hours be moved to any place in the FRG, in order to block a breakthrough by enemy troops and to attack advancing enemy troops along the flank from a series of ambushes. It is organized into three regiments of attack helicopters, one regiment with transport helicopters, and a reinforced infantry regiment which is equipped with Milan anti-tank rockets. The Sixth Light Armored Division (General Moreau; he is to be replaced in August by General Favereau), with its 72 newly-developed fast wheeled AMX 10 RC tanks (with 105-mm cannon) and air-transportable artillery, is similarly rapidly deployable and it distinguishes itself through its greater holding power. The roughly 7,500-man unit consists of two armored regiments, two infantry regiments, and one artillery regiment. The Ninth Airmobile Naval Infantry Division (General Poli; famous for the operation in Chad, "Operation Manta"), with three regiments of motorized infantry, one regiment with armored reconnaissance vehicles, and one artillery regiment--altogether some 8,000 men--is however mainly intended for overseas operations; but it is especially suitable for battle in wooded areas or urban regions because of its infantry strength. The FAR, whose activation was decided upon only last year, has taken part in two large maneuvers: the overseas operation together with the navy (Farfadet, June 1985) and the operation against a Central European threat (Fartel, October 1985). In the case of Fartel, there were deployed in the Rhone Valley the Fourth Airmobile Division (DAM), the Sixth Light Armored Division (DLB), the Mountain Infantry Division, and the Airborne Division.

During the planned 1987 maneuver in Bavaria, the exercise will emphasize cooperation with allied military units, in this case the FRG, and the assurance of adequate logistical support. Because the FRG is not in the position, mainly due to completely different equipment, to provide comprehensive Host Nation Support, the FAR will be supplied by the French First Army, to which it would probably be subordinated in case of deployment into Central Europe. It is reported that the detailed planning will be carried out between the German II Corps in Ulm and the Southern Territorial Command and, on the other side, the French First Army.

13275/12858
CSO: 3620/796

ALLEGED STATE DEPARTMENT, PENTAGON CONTROVERSY ON MISSION TO ATHENS

Athens TO VIMA in Greek 14 Sep 86 p 5

[Article by St. Evstathiadis: "Washington Plays 'Games' Before Papoulias Visit"]

[Text] The presence in Greece at this particular time of investigators on military matters under Pentagon auspices "could be misinterpreted in Athens," and therefore, the visit by Messrs Simons and Platt [phonetic]--which TO VIMA had mentioned last Sunday as scheduled for last week--"is being postponed for a time."

The postponement of the visit and of the consequent talks occurred after the direct intervention of "high State Department officials," who were not aware of the visit, according to Washington sources. Messrs Simons and Platt were supposed to conduct their on-the-spot investigation for the Rand Corp., to which the Pentagon has assigned the compilation of a study about the "agreements and defense arrangements of the United States in the region of NATO's southern flank." As TO VIMA had noted last Sunday, the conclusions of the study will surely be taken into consideration in the determination of the U.S. position on the future of the bases in Greece.

The State Department, which is very interested in "avoiding anything that might negatively affect the improvement in Greek-American relations" on the eve of the important talks that will take place in Washington between Ministers of Foreign Affairs Papoulias and Shultz, decided that the visit and the talks to be conducted by the two Rand Corp. executives, as well as a possible reaction in Athens, could create a negative climate just before the meeting of the two ministers; it therefore intervened, asking for the postponement of their visit.

Of course, the postponement of the on-the-spot investigation of the two U.S. specialists does not entail a serious delay in the compilation of the study being conducted by the Pentagon, which is supposed to be completed in the spring. It does, however, add still another "episode" to the confrontation between the State Department and the Pentagon which may have wider repercussions. Informed sources in Washington note that Greece still remains an object of discord between the two departments--State and Defense--with the military asking not only for a "hard line" vis-a-vis Greece, but also setting obstacles to--if not actually proceeding to the essential undermining of--the State Department stance toward the Greek Government, a stance which they consider one of "appeasement and conciliation," believing it to be inadmissible.

Independent Washington sources suspect, for instance, that this mission to Athens of the Rand Corp. executives, which, in effect, is a mission of Pentagon experts, was organized in the full awareness that there could be a reaction even within the Greek Government. The same sources do not hesitate to maintain that "this was exactly what the Pentagon was seeking...."

Informed sources in Washington ascribe to the same "line" of undermining State Department moves the dispatching to Andravida, 2 weeks ago, of a squadron of F-26 aircraft for so-called "maneuvers for fact-finding on general operational conditions." If the information of TO VIMA is correct, "a great deal of commotion and nervousness" was created within the State Department by the news of the dispatch of the F-26 aircraft to Andravida at this particular time, because the competent officials feared that despite the fact that this action is routine, "it could give rise to misinterpretation and exploitation of the event by the anti-American propaganda," thus negatively affecting the "climate."

While noting this type of reaction in Washington, TO VIMA would like to add that other sources, similarly well informed on Greek-American affairs, maintain that this controversy between the Pentagon and the State Department, revolving around the creation of the "right climate on the eve of the Papoulias-Shultz talks" is nothing more than a phase in the well-known "game" played by Washington, on the one hand, it wishes to show that it is conducting a "conciliatory" policy vis-a-vis Greece, while on the other hand, it is exerting psychological pressure and blackmail, a game that is played by the Reagan administration on a wider scale about issues of much greater importance, such as the Middle Eastern one, the problem of Central America, and especially the relations of the United States with NATO member states, or with the Soviet Union.

/9365
CSO: 3521/10

BRIEFS

PYRKAL MUNITIONS SALES QUESTIONED--PYRKAL has left the Greek armed forces without munitions and chose to sell them to foreign countries. This was stated in an interpellation to the minister of national defense by ND deputies P. Panourgias, A. Balkos, Th. Alexiou, A. Papadongonas, H. Fotopoulos, and A. Zaimis. These deputies stated that they are concerned about the reduction of our military stocks. That is why they would like to know: What quantities of munitions were exported, what were the conditions of the sale, from which stocks were they taken and if these quantities were replaced by the PYRKAL company, and when. Moreover, they would like to know whether the PYRKAL has satisfied all its contractual obligations toward the armed forces and if not, what orders have been implemented, which are still pending, and how much money has the PYRKAL received from these orders. Also, what penalties have been imposed on the PYRKAL, for what amounts and what was the delay involved. Finally, what are the measures adopted by the government and the Ministry of Defense against those responsible for the financial failure and the administrative disarray present in the PYRKAL since 1982. [Text] [Athens I VRADYNI in Greek 13 Sep 86 p 3] /9365

CSO: 5321/10

AERITALIA PRESENTS NEW PRODUCTS AT FARNBOROUGH

Genoa IL SECOLO XIX in Italian 30 Aug 86 p 17

[Article: "The Aeritalia Group's Important International Programs"]

[Excerpts] At the Farnborough air show, Aeritalia will display the best of its own production and that of its affiliated companies. Among other items to be exhibited at the Aeritalia Group stand will be the Mirach 100 and Mirach 20, remotely piloted aircraft for reconnaissance and surveillance built by the Meteor company, and the gyroscopic platform of the Mirach 20.

The components displayed at Farnborough will include the Miki armored seat for helicopters, which is made of Kevlar and ceramics and represents, at equal weight, a significant improvement in the passive protection of the crew; the nacelle for the motors of the A-320 Airbus; the weapon dispenser for the Tornado load release; the working cockpit of the AMX and part of the sophisticated cockpit for the EAP, the display unit destined for test trials during the construction of the future EAP.

The AMX, the tactical aircraft built by Aeritalia in cooperation with the Aermacchi company and the Brazilian Embraer company, will be one of the main elements of Aeritalia's participation in the British show. Two models (in 1:5 scale) of the one-seater and two-seater versions will be displayed in the stand. Two prototypes of the AMX will be on static display, and one of these will carry out, for the first time at Farnborough, a flight demonstration.

Also shown will be the G-222 (in its tactical transport version) aircraft's Lapes system, which is used to drop pallet loads from low flying aircraft during military operations or to provide rapid transport of assistance, food, and medicine in areas where aircraft landings are impossible.

With regard to aeronautical engines, Alfa Avio, a company recently acquired by the Aeritalia Group, will present a turbine for T700-401 helicopters, built in cooperation with General Electric and Fiat Aviazione and intended to be installed on, among other aircraft, future Agusta/Westland EH-101 helicopters. Given the operating characteristics of the EH-101, the T700-401 has been designed specifically to perform in the most severe conditions, particularly in the presence of salt corrosion faced by helicopters flying over ocean areas.

8615
CSO: 3528/M256

BRIEFS

DEFENSE BUDGET DOWN--The Hague, 16 Sep--Dutch defence expenditure has been set at 13.66 billion guilders for 1987, compared with 13.77 billion in 1986, Defence Minister Wim van Eekelen's budget memorandum shows. The memorandum shows that although the 1987 expenditure total is slightly lower it actually amounts to a two percent increase in real terms. The lower cash total for 1987 results from the transfer of civil defence expenditure, previously included in the defence budget, to the home affairs ministry budget, the memorandum adds. The policy programme published earlier this year by the new Dutch government said financial constraints would hold the annual increase in defence spending to a real two percent in the period 1987-90. The government had previously stated that from 1987 onwards it planned to meet the NATO target of a three percent real annual increase in defence spending. Dutch defence spending rose by an annual two percent in real terms in the period 1983-86, according to official figures. [Text] [The Hague ANP NEWS BULLETIN in English 16 Sep 86 pp 10-11] /9274

NEW FRIGATE--Vlissingen, 17 Sep--The Dutch Navy today took official delivery of its second and last Jacob van Heemskerch class air defence frigate at a ceremony attended by Defence State Secretary Jan van Houwelingen. The Witte de With, built at the Koninklijke Maatschappij de Schelde (KMS) shipyard is scheduled to become fully operational on April 20 with a crew of 178. The first frigate of its class, the Jacob van Heemskerck, has already entered service. The two may also be used as commando frigates. The new frigates are fitted with Goalkeeper rapid fire gun systems for short-range air defence, the NATO Sea Sparrow and Tartar guided missile systems and torpedo launchers for anti-submarine torpedoes as well as radar deception launcher systems and harpoon weapon systems for surface engagement. The Witte de With is scheduled to sail to Den Helder later this week with a crew of 139 for on-board training. The KMS shipyard in Vlissingen is building two multi-purpose frigates for the Dutch navy. In all the Dutch navy has ordered eight vessels. [Text] [The Hague ANP NEWS BULLETIN in English 18 Sep 86 p 2] /9274

CSO: 3600/1

SEMINAR IN LONDON DISCUSSES PLANS FOR ALLIED REINFORCEMENT

Oslo AFTENPOSTEN in Norwegian 11 Jul 86 P 3

[Article by Liv Hegna: "Great Britain and the Defense of Norway/Northern Flank: Wants to Participate, Lacks Money"]

[Text] Great Britain's clear desire to actively participate in the defense of Norway and the Northern flank can be undermined by a lacking economic ability for the necessary replacenment of the amphibious vehicles. As a result, the probability is increasing that the third command brigade, which practices in Norway every year, will be deployed in Denmark instead. However, British military personnel are concerned over the possibility that the Soviets will move the front line to the gap between Greenland--Iceland--Norway.

The question of Great Britain and the defense of the Northern flank was recently discussed at a seminar at the University of London. Defense Minister Johan Jorgen Holst pointed out that a reasonable frequency of an American presence was desirable, but that this had to be done within a pattern where considerations of both deterrent and reassurance count. "A permanent presence of American naval forces is breaking with a pattern of restraint in the North Sea on both sides," Holst maintained.

Against Greenland?

The chief of the British Navy, Sir William Staveley emphasized that if the Soviets are moving the front line forward to the gap between Greenland, Iceland, and Norway, this would mean a defense line closer to Great Britain than the border between the two Germanies. The North Sea is surrounded by NATO countries and must not be permitted to become a "Mare Sovieticum", Staveley emphasized, and he pointed out that Britain and the Netherlands had plans for strengthening the Northern flank with 6,500 personnel, 2,000 vehicles, 10,000 tons equipment und 40 helicopters.

Staveley received the counterargument that these forces can be transported across the Channel and march to Denmark for deployment instead of Norway, if a decision on the replacement of the amphibious vehicles "Intrepid" and Fearless" will not be taken soon. The admiral answered that a study of a replacement program was being undertaken, and that the "future route will be clarified in the course of the current year."

Protection

It was pointed out to AFTENPOSTEN that two thirds of the British/Dutch command brigade must be transported with naval vehicles with the intention of protecting the force and the possibility of a battle command. The rest can be transported on requisitioned civilian vehicles, it was said. Thus, Great Britain's dilemma is the relationship between a desire to participate in the defense of the Northern flank and the economic possibilities for obtaining the necessary equipment. At no time during the seminar was the demand alluded to that Norway should be able to contribute to the maritime forces in this connection. The Norwegian naval defense has also limited its ambitions to keep "life" in our five old frigates which--as the defense commission of 1974 pointed out--will have reached the end of their useful life in the nineties.

Control in the North

In his survey of the military situation on the Northern flank Colonel Jonathan Alford from the International Institute for Strategic Studies emphasized that those who control the North Sea will also have control over the airports in Northern Norway, and that those who manage to get control there will be those who will get there first. And he added that those who reach these airports first must have control over the North Sea. In Alford's opinion, the time factor is critical in this connection, and he added that none of the parties can count on a defensive posture in this region.

In a speech, the chief of the British Defense, Admiral of the Fleet Sir John Fieldhouse, pointed out that the Northern flank is the only important area within the alliance which is divided between a land- and a sea command (European Command and Atlantic Ocean Command). This fact, he felt, should be given great attention. It is possible that Fieldhouse thought of the American Naval Chief, Admiral James D. Watkins, who in a special edition of "US Naval Proceedings" earlier this year pointed out the importance of joint exercises between the navy, air force, and army.

12831
CSO: 3639/135

DEFENSE MINISTRY CALLS MEETING TO DECIDE ON NIKE, HAWK UNITS

Oslo AFTENPOSTEN in Norwegian 11 Jul 86 p 4

[Unattributed report: "Meeting on Air Defense"]

[Text] The Defense Ministry has called the respective organizations and elected representatives to a meeting at the end of August to hear the opinions in connection with the closing down of two NIKE-air defense batteries and the reorganization to HAWK-batteries. In response to an inquiry press spokesman Erik Senstad of the Defense Ministry says that it had not been unnatural for the Supreme Defense Command to have done this already before the proposal for the closing down was submitted to the political leadership: "However, it is absolutely essential that the opinions of the organizations will be available before the matter will be sent to the Storting as a separate proposition some time this fall." In addition, Senstad says that local and community authorities will also be included in the further work concerning the plans for the closing down of the NIKE-batteries, which are the main air defense system for the Eastern part of the country.

12831
CSO: 3639/135

CONSERVATIVES SEEN ISOLATED IN SUPPORTING NATO FORWARD DEFENSE

Oslo ARBEIDERBLADET in Norwegian 4 Aug 86 p 3

[Article by Bjarne Eikefjord: "Conservatives Isolated in Security Policy--Spotlight Security"]

[Text] A debate has emerged between the Labor Party and the Conservatives regarding the security policy and the United States' new naval strategy in the Northern region, most recently manifested in the attacks by Jan Petersen from the Conservatives against statements by Marit Nybakk, Labor Party, in connection with a hearing. Marit Nybakk is certainly able to answer these attacks herself, but in this debate the Conservatives spokesmen and women have shown a lack of historical sense which is only exceeded by Ronald Reagan and his Secretary of the Navy John Lehmann. It is necessary to deal with what have been the corner stones in Norwegian security policy, formulated by the Labor Party 40 years ago and recommended by all parties, including the Conservatives, until recently: Norwegian security policy is based on the principle that the price for an attack is made so high by a national defense together with the guarantees provided by NATO-membership that an attacker will be deterred. At the same time Norway realizes that as a country at the intersecting point between two superpowers it has to conduct itself in such a way that the superpower which is our neighbor should not unnecessarily experience fear from Norwegian territory or the areas around Norway. This goes under the term reassurance, and finds its expression in the basic policy with related self-imposed restrictions together with the recent nuclear policy. To summarize briefly: No foreign forces or nuclear weapons are to be stationed on Norwegian soil as long as Norway is not attacked or threatened by an attack.

This policy has led to low tensions in the Northern areas since the fifties up to now. The problem is that right in the vicinity of Norwegian territory, on Kola, there is the only icefree Soviet harbor with free access to the open sea.

The Soviet Union's increasing global engagement must necessarily result in a build-up of naval and air forces in this area. But, and this is often forgotten in the debates, this expansion is not directed particularly against Norway, but aims at operations in the open sea and possibly other sea areas in the vicinity.

Previous NATO-Strategy

NATO and the United States have made their countermoves against the Soviet naval expansion. The opinion has been to meet the fleet as it passes through the so-called GIUK-line (Greenland, Iceland, United Kingdon, i.e. Great Britain). During the passage here the Soviet fleet would have to leave home waters, and in 1979 former Defense Minister Brown in the United States was very categoric in Congress when he evaluated the possibilities of a Soviet breakthrough: "I cannot see how the Soviet fleet can survive long enough in these waters (where NATO controls sea and air), long enough to inflict any damage of consequence on us." As of now, Brown's assessment has not been refuted by any military expert.

New American Naval Strategy

With the change in the presidency in 1981 a new tone entered American politics. There was a call to fight against "the evil", an armament was started which is unparalleled in peacetime, but worst of all was the total lack of understanding both of the history and the development which has led to today's situation. Secretary of the Navy John Lehmann planned a whole new strategy for the Northern regions. These should no longer be an area of low tensions, but a deployment zone for the United States airforce and the navy in the final strike against the world of evil.

The American fleet should sail into the Barents Sea, defeat the Soviet airforce on the Kola peninsula, destroy the surface fleet and put out of action the strategic submarine fleet the Soviet operates in the area. Thus, with a decisive move the United States would secure total control and the possibility of being able to freely operated inwards over the Soviet mainland with air forces. In a TV-program produced by an American TV company a few years ago, Lehmann himself elaborated on this strategy.

The prerequisite was that aircraft carrier groups, in many contexts called "floating targets" could operate under an umbrella of fighter planes to prevent the Soviet airforce from intervening. What is serious for Norway is the following: These planes would operated from Norwegian airports. Through COB and INVICTUS agreements the United States has created a backing for transferring a large number of planes to Norwegian airports. While this is known in Norway, what is less known is the mission the planes would have. Lehmann himself provides the answers in the program: "The airplanes are to overcome the Soviet airforce on Kola, the airforce and naval bases in the same location and provide remote cover for the fleet forces out at sea."

Together these efforts show that the United States wants to fight out the decisive naval strike in the third world war off the coastal areas of Norway. The consequences will be that Norway from being an area of low tension will become one of the most sensitive areas in a conflict between the superpowers. This is in conflict with the policy which has led Norway from 1950 to today, and there is therefore reason to ask whether this is the development the Conservatives want.

Consequences

The low tension policy which is being conducted, has not led to Norway getting into some type of vassal situation towards the Soviet Union compared to Eastern Europe, as some have feared. Not once were we treated from the Soviet side the same way the United States is treating their neighbors in Latin America, in spite of the fact that Norway never had any local military balance of power with the Soviets. This despite an increasing Soviet global engagement with its starting point on the Kola bases.

Therefore, the new naval strategy is also being met with sharp criticism since it breaks with the low tension policy. Admiral Mansfield-Turner characterizes it as insanity which could have tremendous consequences if the Svoiet pick up the gauntlet and increase the armament in the Northern region. American military experts and military personnel are saying straight out that the response will have to be a strong Soviet armament. Just like what Marit Nybakkk and others have maintained.

However, critical voices can also be heard among the Conservatives. On 3 Jan 1986 Arne Olav Brundtland wrote in AFTENPOSTEN that an increased American fleet presence in the area can appear logic from a military point of view, but must also be evaluated from other aspects. And thereafter he is posing the qustion whether it will not mean strong Soviet countermeasures. "An arms race can be necessary to gain a certain necessary minimum, but beyond that the advantages can quickly become less and the stability can be weakened," says Arne Olav Brundtland.

As early as in 1979 John C. Ausland warned against tampering with the basic policy and its principle. AFTENPOSTEN, 31 Jan: "The question whether the Soviets will attack Norway in a conflict with NATO will depend on what threat these (NATO's airports in Norway) constitute."

Even former Defense Minister Andres C. Sjaastad raised his index finger when he was a researcher and not a politician, when he wrote in 1977 that an increase in the deterrent in the Northern areas could be a potential conflict-causing factor, particularly with allied participation. If only these reasonable thoughts from Sjaastad and Brundtland would be reflected among today's aggressive Conservatives.

12831
CSO: 3639/143

DEFENSE MINISTER REJECTS IDEA OF EXTRA FUNDS FOR MINESWEEPERS

Oslo AFTENPOSTEN in Norwegian 9 Jul 86

[Article by Liv Hegna: "Minesweepers Must Be Built Within the Regular Budget"]

[Text] Tomorrow the bid for the pre-planning of new mine vehicles are to be submitted to the supply command of the navy. Defense Minister Johan Jorgen Holst tells AFTENPOSTEN that no separate funds were obtained for the acquistion of this type of vehicle, which naval military leaders describe as currently the most acute problem in the Navy. Holst confirms that it will be a matter of setting priorities within a regular acquisition plan.

A replacement of mine vehicles is considered absolutely necessary if one is to succeed in bringing supplies and reinforcements from Southern Norway to Northern Norway in case of an outbreak of war and during a war. The Soviet Union has increased considerably its capacity for placing mines. It is in this context that the attempts must be seen to get the United States to "play the enemy" during an exercise in 1987. Then, it is hoped to get American B-52 bombers to carry out such mining operations which the Soviet Union must be expected to perform in Norwegian waters during a war.

Loan

The Inspector General of the Navy has tried new and original routes to obtain funds for a new mine vehicle project. This is recommended by the defense chief. The matter has been sent back and forth between the Supreme Command of the Defense and the Defense Ministry several times during this spring. The Inspector General suggested among other things to borrow the money for the financing. Since he did not submit any proposal for savings on other budget items, the non-Socialist government decided not to accomodate his wishes. This was followed up by cabinet minister Holst, who is now implementing the intentions of the previous Defense Minister Anders C. Sjaastad to build--and to build in Norwegian shipyards.

The defense minister indicated that both French, Swedish, and Norwegian shipyards have been asked to bid on the planning of the ships.

In the next round, the construction bid will go out after the Navy supply command has evaluated the plans. Holst confirms to AFTENPOSTEN that the construction of 10 vehicles will be involved, four of them being minesweepers and six mine hunting ships. The cabinet minister rejects the possibility of Norwegian authorities being able to come forward with special employment funds in order to help Norwegian shipyards in this connection. According to Defense Minister Holst the whole expenditure of two billion kroner must go through the regular defense budget.

12831
CSO: 3639/135

ARMED FORCES COMMANDER REPORTS ON AIR-TO-AIR MISSILE COST

Stockholm DAGENS NYHETER in Swedish 22 Aug 86 p 10

[Article by Sven Svensson]

[Text] It will cost a couple of billion kronor over a 10-year period to produce a Swedish all-weather missile for the JAS Gripen warplane. That is the preliminary conclusion reached by OB [Commander in Chief of the Armed Forces] Lennart Ljung, according to a report presented to the Military Council's advisory committee on Wednesday. That cost will be in addition to the appropriations requested by the OB earlier in his program plan.

The JAS Gripen's missile armament will be the most important issue on which the Committee on National Defense will be compelled to take a stand in the next few months. The committee's report must be ready before the end of the year, otherwise it will not be possible to stick to the timetable.

The military leadership is working with three different missile alternatives for arming the JAS Gripen. Those alternatives are to buy a U.S.-made missile, to concentrate on the AMRAAM, which is also an advanced U.S. missile of medium range, or to produce a Swedish missile.

If the Swedish missile industry is to survive, it is absolutely necessary to invest in a new missile version that can be guided at long distances and used against low-altitude targets.

The cost of designing and manufacturing a Swedish missile for the JAS Gripen is not included in the program plan for the 1987-1992 5-year period as presented by the OB. The cost has been estimated roughly at a couple of billion kronor over a 10-year period. That would mean approximately 200 million kronor per year during the coming 5-year period.

The intention is that the government will receive the OB's missile report sometime around 1 October. This means that the Committee on National Defense will not have much time in which to make one of the most important decisions affecting the production of war materiel in Sweden.

In principle, there are two different types of missile: one radar guided and the other heat guided. Sweden can scarcely expect to produce completely new missiles. Instead, it must try primarily to concentrate on individual components such as homing devices and various warheads, possibly in cooperation with some other country.

11798
CSO: 3650/303

LIBERAL PARTY DEFENSE SPOKESMAN CRITICIZES ARMY CHIEF

Stockholm DAGENS NYHETER in Swedish 6 Sep 86 p 2

[Editorial: "Listening to the Army's Critics"]

[Text] It might be viewed as a breach of etiquette when a politician and a high-ranking military man let their internal conflict come before the public. Accusations by the Liberal Party's defense expert, Hans Lindblad, that the Army commander in chief, Erik G. Bengtsson, used misleading cost estimates and bluffed the politicians were indeed to be found in a memo that was distributed to the members of the Defense Committee. But Lindblad very probably expected that such sharp wording as "a horrible example of fraud on the part of an administrative agency" would not remain within a restricted circle.

The function of a breach of etiquette can be to set a debate in motion when all other means have turned out to be impracticable. The basic question in this case is whether Lindblad can provide solid proof that the Army commander in chief did indeed manipulate information for the purpose of inducing the politicians to abandon the idea of "continuous" conscript training that had been recommended earlier by the Conscript Training Committee (VK-83).

For his part, the Army commander in chief ought to explain why, as an alternative to "continuous" training, he came to recommend "layered" conscript training by different branches of the service in one place, an idea which, on closer examination, turned out to be ill founded. It would also help clear the air if outsiders had the opportunity to examine the unpublished cost estimates underlying the Army commander in chief's information that "continuous" training would require an additional 700 NCO's, since the purpose of VK-83 was, on the contrary, to make training more efficient.

Under any circumstances, it is disturbing that Army Headquarters has been so unwilling up to now to acknowledge shortcomings and bad conditions within its own bailiwick. In a series of critical Op Ed articles, Lieutenant General Carl Bjoreman, commander of the Southern Military Command, complained that the performance of the Army's brigades can scarcely be regarded as consistently "acceptable," as the OB [supreme commander of the Armed Forces] claims in his program plan. Bjoreman sees that idealized description as having come from the Army commander in chief, who was allowed by the OB to interpret reports from the commanding generals of the military commands concerning exercises and inspections "in his own way."

Bjoreman's conclusion is that the shortcomings in training and joint exercises are covered up when the producer--rather than the consumer--is allowed to evaluate the product. He is not alone in his opinions: weighty criticism was expressed earlier by Lars-E. Englund, the new commanding general in Upper Norrland.

It is scarcely surprising that to some extent, the critics of Army Headquarters should have varying views on the proper remedies. To a man, the military stand behind the OB's request for an annual 3-percent increase in funds--a request that seems unlikely to get political support. Even so, a great many of Carl Bjoreman's recommendations could be implemented even after the appropriation increases. For instance, the Army--following the example of what has already happened in the Navy--could extend the length of basic training in exchange for shorter refresher courses, which might, however, come closer together following the first period of service. It should also be possible to a larger extent to let promotions be decided by the need for officers in the wartime units and to reduce movement between units and central staffs.

Only by demonstrating a willingness to reform the Army can the military leadership convince people of its ability to use higher appropriations to produce a real strengthening of its capability. It is quite understandable that defense politicians such as Lindblad should feel called upon to get involved in details when those most responsible regard demands for structural changes as inconvenient and prefer to use the need for larger appropriations as an excuse. But even after additional funds are provided, a qualitative improvement in both training and equipment can scarcely be produced without reducing manpower at the same time.

It is therefore regrettable that the party spokesmen on the Defense Committee, using attrition as a pretext, have committed themselves at least tentatively to keeping the existing peacetime units in the Army during the coming 5-year period, especially since the so-called conscript hump--those waiting to fulfill their first period of service--is not going to be used up at the planned rate in any case. Much more extensive and painful cutbacks in the number of units may then become necessary in the 1990's. Financial scope will also have to be provided in the 1992 defense decision for procurement of a new generation of tanks--one of the most far-reaching investment decisions ever made by the Army.

Then, if not before, it will be seen how difficult it is to make up for lost time. The Navy, which has learned from its long drawn-out job of making up for a little over a decade of neglect, ought to have a great deal to tell us about that.

11798
CSO: 3650/306

ARMED FORCES REVEALS PLAN TO STEM OFFICER DRAIN

Stockholm DAGENS NYHETER in Swedish 6 Sep 86 p 8

[Article by Anders Ohman]

[Text] The Armed Forces are going to concentrate on increased satisfaction and modern command training so that personnel will be happier and stop resigning early. The OB [supreme commander of the Armed Forces] has come up with a personnel policy program known as "Personal Quality." It contains a number of key words such as "effectiveness," "activity leadership," and "individual attention."

One of the questions put to Brigadier General Bernt Osth, the Defense Staff's personnel chief, at Friday's press conference was this: "But aren't those obvious requirements in an organization that will lead Sweden in a wartime situation?"

Everything Like New

"If we succeed in making only a small change for the better, it will feel as though everything is new," said Bernt Osth, and he admitted that the Armed Forces had taken a look at the SAS [Scandinavian Airline System] and other firms and government agencies that have succeeded in improving internal satisfaction and making their organizations more effective.

"Everyday satisfaction" and "personal quality" are what the military are talking about at present.

A high level of absenteeism, for example, may be due not only to sickness but also to dissatisfaction and other factors. Increasing motivation at the workplace causes absenteeism to decline. Eight government agencies with a total of from 3,000 to 4,000 employees have saved about 30 man-years since the introduction of measures to increase satisfaction, according to a survey carried out by the Armed Forces Civil Administration.

As one result of the OB's satisfaction program at the unit level, an Army kitchen can compete to become the best field kitchen.

Better Service

A captain in a Coast Artillery unit can get better service by establishing new contacts with the supply depot, and simultaneously, the supply personnel will gain a new understanding of their own importance to troop activities. A unit's kitchen personnel can visit a gunnery exercise in the field so that later, they will be better motivated to get the grub out to the unit involved in the exercise, and so on.

Bernt Osth said: "It may be progress in the little everyday things that can change the situation for the better."

The OB also wants a discussion of the command role.

"Being a commander in the military is to be a challenge," said Bernt Osth.

"The commander exercises his leadership through action to coordinate efforts by individuals to accomplish a task. The impetus comes from the commander himself, from others, or from the situation. The commander's decision on how he will act depends on how he interprets the situation. The quality of leadership is reflected in the effectiveness of the unit being led."

So reads the preface to a new book entitled "The Commander and Leadership" that was produced by a task force under the Army commander in chief.

The OB's "satisfaction drive" is to be viewed against the background of the tight personnel situation in the military, where large numbers of career officers are resigning early. The OB estimates the current shortfall at 600 officers.

A comprehensive social program and better pay conditions are designed to induce the personnel to stay where they are. For example, the Armed Forces are getting involved in child care. In Boden, the regiment pays for the premises, and the municipality pays the staff, in exchange for which 18 places are reserved for the military.

The OB also intends to try to help the relatives of officers and NCO's find jobs at a new post. Most career military are married to women or men who work in the public sector. It will also be easier for officers to spend their careers in their home districts. About 2,000 career officers in the Armed Forces are transferred every year: 1,500 transfer to different training institutions, while 500 are moved to different units. Those transfers place great social strains on family life.

11798
CSO: 3650/306

STRESS, CARELESSNESS TIED TO SERVICE ACCIDENT INCREASE

Stockholm DAGENS NYHETER in Swedish 6 Sep 86 p 8

[Article by Bengt Falkloo]

[Text] Stress, carelessness, and failure to observe safety regulations were what caused most of the 1,550 accidents that occurred in the Armed Forces during the past operating year.

There are rules against most things, but not against situations in which stupidity gets the upper hand, says the Army Staff.

The Army commander in chief, General Erik G. Bengtsson, takes a very serious view of the latest accident statistics and is sending out new orders and directives to all of the country's Army units.

Accidents involving weapons were up from 100 to 164 during the past operating year, and in 9 cases out of 10, the weapons were not being handled correctly.

"Sometimes people don't believe things are real," says Arne Hjelm of the Equipment Department. "They throw cartridges into the tent heater, or they throw cartridge boxes they think are empty into the fire.

Signaling Shot

"Or someone will pick up a signaling shot when the rules say it should be hung on a tree. Instead of that, he cuts it open and pours out the powder, which he lights with a cigarette lighter. Then he has no eyebrows for a month.

"Conscripts take powder from three cartridges and stuff it into one cartridge. Then they insert the cartridge in the weapon and fire it off. If they are lucky, all they get is a destroyed weapon."

Nothing can be done about such accidents except to tighten up the regulations and beef up safety training.

Traffic accidents were also up from 293 to 340, and 15 people died, 2 while on duty and 8 while off duty.

Injured Teeth

Tooth injuries were down to 144, however, for a decrease of 17.

"This kind of accident usually happens when a man carrying his weapon across his stomach stumbles and is unable to break his fall with his hands. Or someone will yell to a buddy, who then turns around. And his weapon is on his back at mouth level."

There were 68 cases of frostbite, or 25 fewer than before, but in this case, it is thought that the milder winter contributed to the decline.

"Stress and carelessness are the most common causes," says Arne Hjelm. "There is nothing wrong with the instructions--there was one book on safety 15 years ago, and now we have three. But if people don't follow the books, or if they come up with their own smart ideas, there is nothing we can do about that.

"But we do not like it when people who work for us get hurt, and neither do their moms and dads."

Responsibility

Arne Hjelm says it is the Army's "damned responsibility as an employer" to see to it that the number of accidents is reduced.

"But we are not giving up: we are going to reduce those figures."

The orders issued to the Army units emphasize that three kinds of injury cannot be repaired completely.

They are tooth injuries, damaged hearing, and frostbite.

"We don't really know what this costs, but we do know that just repairing damaged vehicles comes to almost 100 million kronor per year. You just can't measure the cost of repairing an injured human being."

Well Trained

Gen Bengtsson now says that all commanders are to see to it that the personnel are trained. They must also make sure the regulations are being followed and set a good example themselves.

"In addition, I want a written report on the measures that are taken when the regulations have not been followed and the way those measures are carried out. Further, I want to receive a plan showing what is being done to reduce the number of accidents and near accidents in the future."

11798
CSO: 3650/306

BRIEFS

SUBMARINE SEARCH OFF GOTLAND--Slite (TT)--The crew of a Gotland fishing boat reported on Tuesday evening that it had seen what could have been a foreign submarine between Ostergarn and Slite off Gotland's east coast. According to the Defense Staff, the military sent out "available resources" to search for the suspected submarine, but it declined to specify what those resources were. "The resources for antisubmarine operations are spread out, as you know," said a source at the Defense Staff's Information Department. "We are taking this report very seriously, but we wish to emphasize that it is only one report among many others." According to the TT's sources, the fishing boat's crew saw masts and the swell of waves from the suspected submarine, but the Defense Staff has declined to confirm that report. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 27 Aug 86 p 6] 11798

CSO: 3650/303

MILITARY PROMOTION LIST RELEASED

Istanbul CUMHURIYET in Turkish 6 Aug 86 p 10

[Text] The Supreme Military Council retired the commanders of the Air Force, Navy and the Gendarmerie. In line with the Council decision, ratified by the president of the republic, the commanders of the 2nd and 3rd Armies were replaced while the commanders of the 1st and the Aegean Armies remained in their posts. In line with the Council decisions, in effect from 30 Aug onwards, 29 generals and admirals were promoted a rank higher, and 42 colonels were promoted to general and admiral. While the waiting period of 25 generals and admirals were extended for one year, 39 generals and admirals were retired due to a lack of appropriate slots in the hierarchy positions.

The retiring Air Force commander Gen. Halil Sozer is replaced by Gen. Cemil Cuha. Gen. Emin Goksan replaces Gen. Zahit Atakan as commander of the Navy. The retiring commander of the Gendarmerie Gen. Fikret Oktay was replaced by the commander of the 2nd Army, Gen. Adnan Dogu. Gen. Necip Toruntay, deputy chief of the general staff; Gen. Recep Ergun, commander of the 1st Army; and Gen. Kemal Yamak, commander of the Aegean Army had their tours of duty extended for one year. Gen. Burhanettin Bigali, former permanent undersecretary of the National Intelligence Organisation (NIO), was appointed as commander of the 2nd Army vacated by Gen. Adnan Dogu the new commander of the Gendarmerie. It is not clear who will replace Gen. Bigali as permanent undersecretary of NIO. While the NIO has been usually headed by a Lieutenant-General in line with the conditions set out during the 12 Sep period there are indications that this time the position will be filled by a high-ranked civilian bureaucrat from inside the organisation.

While Gen. Husnu Celenkler, former commander of the 3rd Army, was appointed as secretary-general of the National Security Council (NSC), the newly promoted Gen. Sabri Yirmibesoglce was brought in to replace him. Secretary-general of the NSC Adm. Orhan Karabulut replaced Adm. Emin Goksan as commander of the Fleet, with Adm. Goksan becoming the commander of the Navy.

Gen. Dogan Gures remained as commander of the War Colleges. While Lt. Gen. Hayri Undul was retired, Lt. Gen. Asir Ozozer was appointed commander of 7th Corps in charge of the martial administration in the Diyarbakir - Mardin - Siirt - Hakkari - Van provinces.

Gen. Safter Necioglu was brought in to head the Control and Evaluation Section of the General Staff.

Promoted One Rank Above

The list of generals, admirals and colonels promoted one rank above, reported from the Secretariat of the General Staff, is as follows:

Ground Forces Command

Lt. Generals promoted to General: Sabri Yirmibesoglu, Burhanettin Bigali.

Maj. Generals promoted to Lt. General: Esref Bitlis, Kemal Yavuz, Ersen Kayra, Yasar Kok, Hikmet Bayar.

Brig. Generals promoted to Maj. General: Cumhur Evcil, Huseyin Cevizoglu, Selcuk Saka, Fikret Ozden Boztepe, Ismail Ozkan, Ahmet Basyurt, Atilla Ates, Erol Ozalp, Esref Haskiris, Cemil Ozer, Cevat Ulkekul.

Colonels promoted to Brig. General: Infantry Staff Col. Edip Baser, Infantry Staff Col. Ali Yalcin, Artillery Staff Col. Ali Ihsan Turkkan, Infantry Staff Col. Tamer Akbas, Artillery Staff Col. Erdinc Demirbilek, Communications Staff Col. Kemal Erdogdu, Comm. Staff Col. Erdine Ture, Comm. Staff Col. Sedat Metin, Artillery Col. Kaya Ozesen, Infantry Staff Col. Aytac Yalman, Artillery Pilot Col. Sitki Koca, Infantry Col. Onder Surel, Artillery Staff Col. Hilmi Cengiz, Engineers Staff Col. Abdurrahman Saral, Comm. Col. Zeyyat Uran, Infantry Col. Turhan Erdem, Comm. Staff Col. Halil Sezal, Comm. Staff Col. Turgut Nasun, Infantry Staff Col. Aydin Ecer, Comm. Staff Col. Erdogan Ergenekon, Medical Staff Colonel Serif Sabuncu, Engineer Col. Ihsan Isak, Finance Col. Abdurrahman Karabulut, Engineer Col. Recai Onder, Supplies Col. Tacettin Senova.

Naval Command

Rear Admiral promoted to Vice Admiral: Yilmaz Dogrusoz.

Commodores promoted to Rear Admiral: Erdine Yalciner, Cetin Ersari.

Captains promoted to Commodore: Bulent Alpkaya, Aykut Uras, Ilker Guven, Onder Uzan, Okan Unal.

Air Force Command

Lt. General promoted to General: Safter Necioglu.

Maj. Generals promoted to Lt. General: Halis Burhan, Ahmet Corekci.

Brig. Generals promoted to Maj. General: Lutfi Akdemir, Ergin Celasin, Erdogan Oznal, Fahrettin Goker.

Colonels promoted to Brig. General: Vural Sezer, Orhan Kose, Erol Olcay, Ayhan Gel, Ayhan Sohta, Ergin Onur, Ozkan Kaya, Ozden Sandikci.

General Command of the Gendarmerie

Brig. General promoted to Maj. General: Saim Kelestimur

Colonels promoted to Brig. General: Yalcin Erten, Recai Ugurluglu, Bulent Caglayan.

Military Court of Cassation

Colonel promoted to Brig. General: Judge Col. Ismet Onur.

Tours of Duty Extended

The generals and admirals whose tours of duty have been extended for one year:

Ground Forces Command: Lt. Gen. Nazif Oka, Lt. Gen. Muhittin Fisunoglu, Brig. Gen. Cengiz Arpag, Brig. Gen. Ahmet Demiral, Brig. Gen. Ahmet Dolgen, Brig. Gen. Sebati Asarkaya, Brig. Gen. Sitki Sunday Orun.

Naval Command: Vice Adm. Irfan Tinaz, Rear Adm. Mustafa Turuncoglu, Rear Adm. Nazif Iseri, Commodore Salim Dervisoglu, Commodore Sevket Gucluer, Commodore Tanju Erdem.

Air Force Command: Lt. Gen. Bulent Tulunay, Maj. Gen. Selahattin Kavustu, Brig. Gen. Kamil Aydin, Brig. Gen. Ozdemir Erkal, Brig. Gen Ergun Selirgen.

Gulhane Military Medical Academy Command: Maj. Gen. Necati Kolan, Brig. Gen. Omer Sarlak, Brig. Gen. Cengiz Alp, Brig.

Gen. Cevdet Demirkol, Brig. Gen. Celalettin Yazgan, Brig. Gen. Sevket Akpinar.

Retired

Ground Forces Command: Irfan Yay (Lt. Gen.), Fuat Avci (Lt. Gen.), Mustafa Odaman (Lt. Gen.), Hayri Undul (Lt. Gen.), Ozdemir Kandemir (Maj. Gen.), Ekrem Dinc (Maj. Gen.), Suat Eren (Maj. Gen.), Suleyman Golcu (Maj. Gen.), Fuat Senel (Maj. Gen.), Sedat Semerkan (Maj. Gen), Sedat Tokgoz (Maj. Gen.), Yilmaz Tezkan (Brig. Gen.), Fuat Ersoy (Brig. Gen.), Hilmi Sengun (Brig. Gen.), Ahmet Cakiroglu (Brig. Gen.), Metin Okcu (Brig. Gen.), Abdullah Oztekin (Brig. Gen.), Hasan Satir (Brig. Gen.), Kamil Onceler (Brig. Gen.), Hilmi Yavuzer (Brig. Gen.), Mecdet Bozkurt (Brig. Gen.), Numan Zihnioglu (Brig. Gen.).

Naval Command: Zahit Atakan (Adm.), Sadun Ozturk (Rear Adm.), Riza Nur Oncul (Commodore), Cetinkaya Apatay (Commodore) .

Air Force Command: Halil Sozer (Gen.), Kemal Yalcin (Lt. Gen.), Necdet Gencaslan (Maj. Gen.), Sekip Gurler (Brig. Gen.), Remzi Sener (Brig. Gen.), Ilhan Dogan (Brig. Gen.).

General Command of the Gendarmerie: Fikret Oktay (Gen.), Kemal Sever (Maj. Gen.), Remzi Gokseven (Brig. Gen.), Orhan Akinalp Brig. Gen.).

12466
CSO:3554/171

ENERGY CONSUMPTION DECLINED FIRST HALF OF 1986

Helsinki HELSINGIN SANOMAT in Finnish 5 Sep 86 p 35

[Article: "Energy Consumption Declined in First Half of Year"]

[Text] In the first part of the year energy consumption was 3 percent less than for the same period last year. The energy needs of the forest industry declined the most, which was the consequence of a recession and strikes.

Also slightly less electric energy was consumed in January--June than during the same period last year. According to the Ministry of Trade and Industry, the 1-percentage point drop was the result of strikes in the spring, mild weather, and the slow growth of industrial production in the beginning of the year.

According to the ministry's energy report, electric consumption turned upward again in the summer.

The use of energy by transportation increased radically. Automobile traffic increased approximately 10 percent, and gasoline consumption increased by nearly the same amount. The price per liter of gas paid by the consumer dropped 70 pennies in the beginning of the year.

The real prices of liquid fuels have now fallen to the level before the first oil crisis. Thus prices are at the 1972 level.

According to the Ministry of Trade and Industry, the price drop in liquid fuels was greater than could be expected in the spring. Consumers have also been able to take advantage of the low prices. Gasoline sales have increased, oil heating is an option again, and major consumers are considering the use of oil instead of solid fuels.

Import Bill Is Less

The use of electricity by households decreased slightly, which was the result of a decreased need for heating.

The imported energy bill in the first part of the current year was one-third less than a year ago. The bill for imported energy was 6.2 billion markkaa.

The drop was the result of the weaker dollar as well as of the continuing decrease in the price of crude oil.

The cost of imported energy has fallen off an average of approximately 40 percent. Imported energy made up only 17 percent of total imports while in recent years it has customarily comprised approximately one-fourth of the total.

10576
CSO: 3617/169

BRIEFS

DEI LOAN--Yesterday in London Public Power Corporation [DEI] Chairman and President Dim. Mavrakis signed a loan agreement for 160 million dollars with a group of foreign banks represented by the Chase Manhattan Bank N.A. London. The loan will be used partly for financing DEI investments in 1986. The loan will be repaid in 8 years with a grace period of 4 years and at a rate of 0.25 percent over the London interbank rate (LIBOR). The loan's favorable terms--states a DEI announcement--and its prompt over-subscription show DEI's credit ability as well as that of the country in the international capital market. [Text] [Athens I KATHIMERINI in Greek 17 Sep 86 p 7] 7520

CSO: 3521

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